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Government
Publications



Government
of Canada

Gouvernement
du Canada

Prepared by the
Receiver General for Canada

Public Accounts of Canada

1996

Volume I

Summary Report
and Financial
Statements

Canada



Government
of Canada

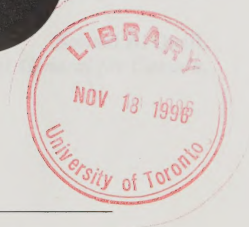
Gouvernement
du Canada

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Volume I

Summary Report
and Financial
Statements



Canada

Government
of Canada

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of Canada



Prepared for the
Parliament of Canada

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Volume I

Summary Report
and Financial
Statements

To His Excellency

The Right Honourable Roméo LeBlanc,
P.C., C.C., C.M.M., C.D.,
Governor General and
Commander-in-Chief of Canada.

MAY IT PLEASE YOUR EXCELLENCY:

The undersigned has the honour to present to Your
Excellency the *Public Accounts of Canada* for the year
ended March 31, 1996.

All of which is respectfully submitted.

Marcel Massé,
President of the Treasury Board.

OTTAWA, SEPTEMBER 23, 1996

To The Honourable Marcel Massé,
President of the Treasury Board.

In accordance with the provisions of section 64(1) of
the *Financial Administration Act*, I have the honour to
transmit herewith the *Public Accounts of Canada* for the
year ended March 31, 1996, to be laid by you before the
House of Commons.

Respectfully submitted,

Diane Marleau,
Receiver General for Canada.

OTTAWA, SEPTEMBER 23, 1996

To The Honourable Diane Marleau,
Receiver General for Canada.

Madam:

I have the honour to submit the *Public Accounts of
Canada* for the year ended March 31, 1996.

Under section 64(1) of the *Financial Administration
Act*, the *Public Accounts of Canada* for each fiscal year
shall be prepared by the Receiver General and shall be
laid before the House of Commons by the President of
the Treasury Board on or before the thirty-first day of
December next following the end of that year, or if the
House of Commons is not then sitting, within the first
fifteen days next thereafter that the House of Commons
is sitting.

This annual report is presented in two volumes:

Volume I—The financial statements of Canada on
which the Auditor General has expressed an opinion; the
observations by the Auditor General on the financial
statements of Canada; a ten-year summary of the
Government's financial transactions; analyses of
revenues and expenditures, and of asset and liability
accounts; and various other statements.

Volume II—Details of the financial operations of the
Government, segregated by ministry (Part I); and
additional information and analyses (Part II).

The audited financial statements contained in
Volume I are for the year ended March 31, 1996.

Respectfully submitted,

Ranald A. Quail,
Deputy Receiver General for Canada.

OTTAWA, SEPTEMBER 23, 1996

VOLUME I

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INTRODUCTION TO THE *PUBLIC ACCOUNTS OF CANADA*

Nature of the *Public Accounts of Canada*

The *Public Accounts of Canada* is the report of the Government of Canada prepared each fiscal year by the Receiver General as required by section 64 of the *Financial Administration Act*.

The report covers the fiscal year of the Government, which ends on March 31, and is prepared from data contained in the accounts of Canada and from more detailed records maintained in departments and agencies. The accounts of Canada is the centralized record of the Government's financial transactions maintained by the Receiver General in which the transactions of all departments and agencies are summarized. Each department and agency is responsible for reconciling its accounts to the control accounts of the Receiver General, and for maintaining detailed records of the transactions in their accounts.

The report covers the financial transactions of the Government during the year. In certain cases, parliamentary authority to undertake transactions was provided by legislation approved in earlier years.

Format of the *Public Accounts of Canada*

The *Public Accounts of Canada* is produced in two volumes.

Volume I presents a summary analysis of the financial transactions of the Government. Its content is summarized as follows:

SECTION 1: audited financial statements of the Government of Canada;

SECTION 2: ten-year summary of the Government's financial transactions;

SECTION 3: review of revenues, expenditures and accumulated deficit;

SECTION 4: analysis of consolidated accounts;

SECTION 5: analysis of current liabilities and allowances;

SECTION 6: analysis of interest-bearing debt;

SECTION 7: analysis of current assets;

SECTION 8: analysis of foreign exchange accounts;

SECTION 9: analysis of loans, investments and advances; and,

SECTION 10: analysis of other information related to the financial statements.

Volume II is published in two parts. **Part I** presents the financial operations of the Government, segregated by ministry while **Part II** presents additional information and analyses.

SECTION 1

1995-96

PUBLIC ACCOUNTS OF CANADA

Financial Statements of the Government of Canada and Opinions of the Auditor General

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NOTE TO READER

An overview of the financial operations of the Government of Canada is provided in an **Annual Financial Report** prepared by the Minister of Finance. This Report also includes condensed financial statements.

Accompanying this Report are historical fiscal reference tables and related fiscal indicators for the federal government and the provinces.

You can obtain a copy of the **Annual Financial Report** by calling the Department of Finance at (613) 995-2855

PREFACE TO THE FINANCIAL STATEMENTS OF THE GOVERNMENT OF CANADA

The fundamental purpose of the financial statements is to provide information to Parliament, and thus to the public, to facilitate an understanding and evaluation of the full nature and extent of the financial affairs and resources for which the Government is responsible. The financial statements reflect the financial position of the Government at the reporting date, as well as its results of operations, financial requirements and changes in financial position for the year. Two supplementary statements report transactions under the *Spending Control Act* and the *Debt Servicing and Reduction Account Act*.

The two fundamental concepts underlying the Government's accounting system are found in the Constitution Acts: first, that all duties and revenues received, other than those reserved to the provinces, "shall form One Consolidated Revenue Fund"; second, that the balance of the Fund, after certain prior charges, "shall be appropriated by the Parliament of Canada".

The right of Canada to raise taxes and revenues is contained in the Constitution Acts, and is given specific form in various Acts passed by Parliament. Revenues can be raised and moneys can be spent or borrowed by the Government only with the authority of Parliament. All receipts of money by departments and agencies must be deposited into the Consolidated Revenue Fund (CRF). All disbursements from the CRF for spending on operations, for loans, investments and advances, and for the redemption of matured debt, must be authorized by Parliament, through annual appropriation acts and other statutes.

Wholly-owned Crown corporations that are agents of Her Majesty also may borrow only as authorized by Acts of Parliament. Such Acts usually place a ceiling on the amount of borrowings that can be outstanding at any one time. Non-agent Crown corporations can borrow without specific parliamentary authority, although such borrowings are sometimes guaranteed by the Government with the authority of Parliament.

The financial statements consist of five statements and accompanying notes.

The first statement is the Statement of Transactions, which shows the extent to which cash going out from the Government exceeded cash coming in, and the resulting net new borrowing. The financial transactions are classified into the following categories:

- **Budgetary transactions** are all transactions with outside parties which enter into the calculation of the annual deficit or surplus of the Government, that is, tax and non-tax revenues, together with expenditures.
- **Non-budgetary transactions** are all transactions in assets and liabilities, other than those related to foreign exchange and unmatured debt.
- **Foreign exchange transactions** are all transactions in international reserves held in the Exchange Fund Account (the principal objective of which is to aid in the control and protection of the external value of the Canadian dollar), the net position of the Government with respect to the International Monetary Fund, and unmatured debt payable in foreign currencies.

- **Unmatured debt transactions** show increases or decreases in unmatured debt, that is, the net change in amounts owing for marketable bonds, Canada savings bonds, special non-marketable bonds for the Canada Pension Plan and Treasury bills. They exclude unmatured debt payable in foreign currencies.

The second statement is the Statement of Accumulated Deficit, which reflects the net accumulation of annual deficits and surpluses since Confederation.

The third statement is the Statement of Revenues and Expenditures, which presents the Government's revenues, expenditures and deficit for the year.

The fourth statement is the Statement of Assets and Liabilities. This statement discloses the Government's cash balances and investments, and amounts owing to and by the Government at the end of the year. It differs in some ways from a conventional private sector balance sheet. Two major differences concern items that are not reported on this statement: capital assets, having been accounted for as expenditures when acquired, and tax revenues receivable since tax revenues are generally reported on a cash basis. The difference, therefore, between total assets and total liabilities is simply the aggregate of annual budgetary deficits and surpluses determined in accordance with the accounting policies of the Government.

The fifth statement is the Statement of Changes in Financial Position, which provides information on the Government's cash requirements for operating and investing activities, and how these activities were financed.

In addition to the financial statements, two supplementary statements provide details of transactions under the *Spending Control Act* and the *Debt Servicing and Reduction Account Act*. The *Spending Control Act* deals with limiting program spending for the period from 1991-92 to 1995-96 inclusive to the levels projected in the February 1991 Budget. The *Debt Servicing and Reduction Account Act* calls for certain revenues including the goods and services tax (GST) to be used to service the public debt and not to fund new program spending.

Other sections in this volume, together with Volume II of the *Public Accounts of Canada* provide more detailed supplementary information in respect of matters reported in the financial statements. The opinion of the Auditor General on the financial statements does not extend to this supplementary information.

STATEMENT OF RESPONSIBILITY

The financial statements in this section were prepared by the Government of Canada in accordance with the accounting policies set out in Note 1 of the statements on a basis consistent with that of the preceding year.

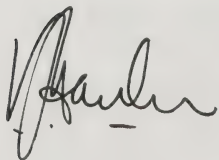
Responsibility for the integrity and objectivity of the financial statements rests with the Government. The financial statements are prepared under the joint direction of the President of the Treasury Board, the Minister of Finance, and the Receiver General for Canada in compliance with governing legislation. The financial statements are generally prepared on an accrual basis of accounting; two notable exceptions are that capital assets are charged to budgetary expenditures at the time of acquisition or construction and tax revenues are generally reported on a cash basis. The information included in these financial statements is based on the Government's best estimates and judgement, with due consideration given to materiality.

To fulfill its accounting and reporting responsibilities, the Government maintains systems of financial management and internal control which give due consideration to costs, benefits and risks. These systems are designed to provide reasonable assurance that transactions are properly authorized by Parliament, are executed in accordance with prescribed regulations, and are properly recorded so as to maintain accountability of public money and safeguard the assets and properties of Canada under Government administration. The Receiver General for Canada maintains the accounts of Canada, a centralized record of the Government's financial transactions, and obtains additional information as required, from departments, agencies and Crown corporations, to meet accounting and reporting requirements.

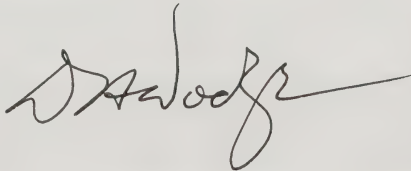
The Government presents the financial statements to the Auditor General of Canada who audits them and provides an independent opinion to the House of Commons. The duties of the Auditor General in that respect are contained in section 6 of the *Auditor General Act*, section 8 of the *Spending Control Act* and section 9 of the *Debt Servicing and Reduction Account Act*. Additional information is provided in the observations of the Auditor General at the end of this section.

Annually, the financial statements are tabled in Parliament as part of the *Public Accounts of Canada*, and are referred to the Standing Committee on Public Accounts, which reports to Parliament on the results of its examination together with any recommendations it may have with respect to the financial statements and accompanying audit opinion.

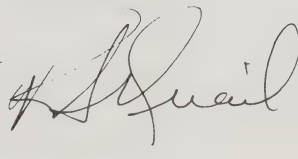
On behalf of the Government of Canada.



V. PETER HARDER
*Secretary of the Treasury Board and
Comptroller General of Canada*



DAVID A. DODGE
Deputy Minister of Finance



RANALD A. QUAIL
Deputy Receiver General for Canada



**OPINION OF THE AUDITOR GENERAL
ON THE
FINANCIAL STATEMENTS OF THE GOVERNMENT OF CANADA**

To the House of Commons

I have audited the statement of assets and liabilities of the Government of Canada as at March 31, 1996 and the statements of revenues and expenditures, accumulated deficit, changes in financial position and transactions for the year then ended. These financial statements are the responsibility of the Government. My responsibility is to express an opinion on these financial statements based on my audit, as required by section 6 of the *Auditor General Act*.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by the Government, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Government of Canada as at March 31, 1996 and the results of its operations, the changes in its financial position and its financial requirements for the year then ended, in accordance with the stated accounting policies of the Government of Canada as set out in Note 1 of the financial statements. As required by section 6 of the *Auditor General Act*, I also report that, in my opinion, these stated accounting policies have been applied, in all material respects, on a basis consistent with that of the preceding year.

Additional information and comments on the financial statements and this opinion are included in my observations at the end of this section.

A handwritten signature in cursive script, reading "L. Denis Desautels".

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
July 22, 1996

GOVERNMENT OF CANADA

Statement of Transactions
for the Year Ended March 31, 1996

(in millions of dollars)

| | 1996 | 1995 |
|--|---------------|---------------|
| BUDGETARY TRANSACTIONS | | |
| Revenues..... | 130,301 | 123,323 |
| Expenditures..... | -158,918 | -160,785 |
| Deficit for the year..... | -28,617 | -37,462 |
| NON-BUDGETARY TRANSACTIONS | | |
| Net source or requirement (-) from loans, investments and advances | 2,668 | -65 |
| Net source from pension and other accounts | 7,646 | 8,659 |
| Net source from other transactions | 1,120 | 3,026 |
| Net source..... | 11,434 | 11,620 |
| Financial requirements (excluding foreign exchange transactions)..... | -17,183 | -25,842 |
| NET REQUIREMENT (-) OR SOURCE FROM FOREIGN EXCHANGE TRANSACTIONS ⁽¹⁾ | -4,816 | 4,828 |
| Total financial requirements..... | -21,999 | -21,014 |
| NET SOURCE FROM UNMATURED DEBT TRANSACTIONS ⁽¹⁾ | 28,661 | 20,770 |
| Increase or decrease(-) in cash..... | 6,662 | -244 |
| CASH IN BANK AT BEGINNING OF YEAR | 1,893 | 2,137 |
| CASH IN BANK AT END OF YEAR | 8,555 | 1,893 |

The accompanying notes are an integral part of this statement.

Details (unaudited) can be found in other sections of this volume.

⁽¹⁾ Change in unmatured debt payable in foreign currencies,- \$112 million in 1996 (\$6,253 million in 1995), has been included as part of foreign exchange transactions.

GOVERNMENT OF CANADA

Statement of Accumulated Deficit
for the Year Ended March 31, 1996

(in millions of dollars)

| | 1996 | 1995 |
|--|----------------|----------------|
| ACCUMULATED DEFICIT, BEGINNING OF YEAR | 545,672 | 508,210 |
| DEFICIT FOR THE YEAR | 28,617 | 37,462 |
| ACCUMULATED DEFICIT, END OF YEAR (Note 5) | 574,289 | 545,672 |

The accompanying notes are an integral part of this statement.

Details (unaudited) can be found in other sections of this volume.

GOVERNMENT OF CANADA

Statement of Revenues and Expenditures
for the Year Ended March 31, 1996
(in millions of dollars)

| | 1996 | | 1995 | |
|---|----------------------|--------------------|----------------------|--------------------|
| | Gross ⁽¹⁾ | Net ⁽¹⁾ | Gross ⁽¹⁾ | Net ⁽¹⁾ |
| REVENUES (Note 3) | | | | |
| TAX REVENUES— | | | | |
| Income tax— | | | | |
| Personal | 65,195 | 60,167 | 61,676 | 56,329 |
| Corporation | 15,955 | 15,955 | 11,604 | 11,604 |
| Other income tax revenues | 2,105 | 2,105 | 1,769 | 1,769 |
| | 83,255 | 78,227 | 75,049 | 69,702 |
| Unemployment insurance premiums | 18,510 | 18,510 | 18,928 | 18,928 |
| Excise taxes and duties— | | | | |
| Goods and services tax | 19,174 | 16,375 | 19,602 | 16,786 |
| Energy taxes | 4,404 | 4,404 | 3,824 | 3,824 |
| Customs import duties | 2,969 | 2,969 | 3,575 | 3,575 |
| Other excise taxes and duties | 3,539 | 2,856 | 3,493 | 2,904 |
| | 30,086 | 26,604 | 30,494 | 27,089 |
| TOTAL TAX REVENUES | 131,851 | 123,341 | 124,471 | 115,719 |
| NON-TAX REVENUES— | | | | |
| Return on investments | 4,567 | 4,475 | 5,078 | 5,021 |
| Other non-tax revenues | 6,092 | 2,485 | 5,530 | 2,583 |
| TOTAL NON-TAX REVENUES | 10,659 | 6,960 | 10,608 | 7,604 |
| TOTAL REVENUES | 142,510 | 130,301 | 135,079 | 123,323 |
| EXPENDITURES (Note 4) | | | | |
| TRANSFER PAYMENTS— | | | | |
| Old age security benefits, guaranteed income supplement and spouse's allowance | 20,430 | 21,034 | 20,143 | 20,511 |
| Unemployment insurance benefits ⁽²⁾ | 13,476 | 13,476 | 14,815 | 14,815 |
| Fiscal arrangements | 8,627 | 8,210 | 8,067 | 7,674 |
| Insurance and medical care | 7,115 | 7,115 | 7,691 | 7,691 |
| Canada Assistance Plan | 7,191 | 7,191 | 7,266 | 7,266 |
| Education support | 2,365 | 2,365 | 2,486 | 2,486 |
| Child tax benefits | 5,215 | | 5,322 | |
| Other transfer payments | 22,546 | 19,747 | 24,413 | 21,597 |
| TOTAL TRANSFER PAYMENTS | 86,965 | 79,138 | 90,203 | 82,040 |
| CROWN CORPORATION EXPENDITURES | 6,040 | 4,321 | 5,741 | 5,003 |
| OTHER PROGRAM EXPENDITURES— | | | | |
| National Defence | 10,293 | 9,935 | 11,063 | 10,693 |
| All other departments and agencies | 20,924 | 18,619 | 23,488 | 21,003 |
| TOTAL OTHER PROGRAM EXPENDITURES | 31,217 | 28,554 | 34,551 | 31,696 |
| TOTAL PROGRAM EXPENDITURES | 124,222 | 112,013 | 130,495 | 118,739 |
| PUBLIC DEBT CHARGES | 46,905 | 46,905 | 42,046 | 42,046 |
| TOTAL EXPENDITURES | 171,127 | 158,918 | 172,541 | 160,785 |
| DEFICIT FOR THE YEAR | 28,617 | 28,617 | 37,462 | 37,462 |

The accompanying notes are an integral part of this statement.

Details (unaudited) can be found in other sections of this volume.

⁽¹⁾ The difference between Gross and Net is revenues netted against expenditures, revenues of consolidated Crown corporations credited to expenditures, tax revenue items related to expenditures and included in revenues, and recovery of tax revenues credited to expenditures.

⁽²⁾ Unemployment insurance benefits exclude administration costs of \$1,351 million (\$1,285 million in 1995) and interest expenses of \$228 million (\$423 million in 1995) related to the operation of the Unemployment Insurance Account. These costs have been allocated to other program expenditures and public debt charges respectively.

GOVERNMENT OF CANADA

Statement of Assets and Liabilities
as at March 31, 1996
(in millions of dollars)

| | 1996 | 1995 |
|--|----------------|----------------|
| LIABILITIES | | |
| CURRENT LIABILITIES AND ALLOWANCES— | | |
| Accounts payable and accrued liabilities | 19,276 | 18,390 |
| Interest and matured debt | 7,403 | 4,831 |
| Allowance for employee benefits | 4,290 | 3,910 |
| Allowance for loan guarantees and borrowings of Crown corporations | 5,440 | 5,540 |
| TOTAL CURRENT LIABILITIES AND ALLOWANCES | 36,409 | 32,671 |
| INTEREST-BEARING DEBT— | | |
| Unmatured debt— | | |
| Payable in Canadian currency— | | |
| Marketable bonds | 252,700 | 225,679 |
| Treasury bills | 166,100 | 164,450 |
| Canada savings bonds | 30,460 | 30,460 |
| Bonds for Canada Pension Plan | 3,478 | 3,488 |
| Payable in foreign currencies | 452,738 | 424,077 |
| Total unmatured debt (Note 6) | 16,809 | 16,921 |
| Total unmatured debt (Note 6) | 469,547 | 440,998 |
| Pension and other accounts— | | |
| Public sector pensions (Note 7) | 107,882 | 101,033 |
| Canada Pension Plan (net of securities) (Note 8) | 3,636 | 3,406 |
| Other | 5,322 | 4,755 |
| Total pension and other accounts | 116,840 | 109,194 |
| TOTAL INTEREST-BEARING DEBT | 586,387 | 550,192 |
| TOTAL LIABILITIES | 622,796 | 582,863 |
| ASSETS | | |
| CURRENT ASSETS— | | |
| Cash in bank | 8,555 | 1,893 |
| Cash in transit | 4,189 | 3,241 |
| Less outstanding cheques and warrants | 12,744 | 5,134 |
| Total cash | 3,700 | 3,751 |
| Total cash | 9,044 | 1,383 |
| Accounts receivable (net of allowance for doubtful accounts of \$2,005 million (\$1,676 million in 1995)) | 5,972 | 4,353 |
| TOTAL CURRENT ASSETS | 15,016 | 5,736 |
| FOREIGN EXCHANGE ACCOUNTS (Note 9) | 19,054 | 14,350 |
| LOANS, INVESTMENTS AND ADVANCES— | | |
| Enterprise Crown corporations (Notes 10 and 13) | 14,663 | 18,218 |
| Joint and mixed enterprises | 1,300 | 4,374 |
| National governments including developing countries (Note 11) | 3,221 | 3,282 |
| International organizations (Note 11) | 5,565 | 5,480 |
| Less notes payable | 1,905 | 1,935 |
| Provincial and territorial governments | 3,660 | 3,545 |
| Other | 709 | 876 |
| Other | 2,154 | 1,710 |
| Less allowance for valuation | 25,707 | 32,005 |
| Total loans, investments and advances | 11,270 | 14,900 |
| TOTAL LOANS, INVESTMENTS AND ADVANCES | 14,437 | 17,105 |
| TOTAL ASSETS | 48,507 | 37,191 |
| ACCUMULATED DEFICIT (Note 5) | 574,289 | 545,672 |

The accompanying notes are an integral part of this statement.

Details (unaudited) can be found in other sections of this volume.

GOVERNMENT OF CANADA

Statement of Changes in Financial Position
for the Year Ended March 31, 1996

(in millions of dollars)

| | 1996 | 1995 |
|---|---------------|---------------|
| CASH REQUIREMENTS FOR ⁽¹⁾: | | |
| OPERATING ACTIVITIES — | | |
| Deficit for the year | 28,617 | 37,462 |
| Less expenditures not requiring cash— | | |
| Interest on pension and other accounts ⁽²⁾ | 11,166 | 10,234 |
| Government contribution for employee benefits | 1,581 | 1,598 |
| Provision for valuation of assets and liabilities | -3,164 | 314 |
| | 9,583 | 12,146 |
| | 19,034 | 25,316 |
| Net payments from pension and other accounts | 3,182 | 2,033 |
| Net change in current assets and liabilities | -2,402 | -664 |
| CASH REQUIRED FOR OPERATING ACTIVITIES | 19,814 | 26,685 |
| INVESTING ACTIVITIES — | | |
| Net decrease in loans, investments and advances | -3,630 | -1,035 |
| Net increase in foreign exchange accounts | 4,704 | 1,425 |
| CASH REQUIRED FOR INVESTING ACTIVITIES | 1,074 | 390 |
| TOTAL CASH REQUIREMENTS | 20,888 | 27,075 |
| FINANCED BY: | | |
| Net increase or decrease (-) in borrowings— | | |
| Canadian currency | 28,661 | 20,770 |
| Foreign currencies | -112 | 6,253 |
| | 28,549 | 27,023 |
| Net change in cash | 7,661 | -52 |
| CASH AT BEGINNING OF YEAR | 1,383 | 1,435 |
| CASH AT END OF YEAR | 9,044 | 1,383 |

The accompanying notes are an integral part of this statement.

Details (unaudited) can be found in other sections of this volume.

⁽¹⁾ The figures in this statement differ from those shown in the Statement of Transactions because the non-cash transactions have been reclassified and shown separately.⁽²⁾ Interest on pension and other accounts excludes interest on the allocations of special drawing rights by the International Monetary Fund totalling \$69 million (\$83 million in 1995).

Notes to the Financial Statements of the Government of Canada

1. Summary of Significant Accounting Policies

Reporting entity

In these financial statements, the Government of Canada includes the financial activities of all of its departments, agencies, corporations and funds, which are owned or controlled by the Government and which are accountable to Parliament, except for:

- i. the Canada Pension Plan, which is under joint control of the Government and participating provinces. Payments of benefits from the Plan are financed from contributions by employers, employees and self-employed persons, as well as from interest on investments which are mainly in provincial government securities; and
- ii. enterprise Crown corporations which are not dependent on the Government for financing their activities. For these corporations, the Government reports in these financial statements only the cost of its investment less allowance for valuation, as well as any amounts receivable from or payable to the corporations.

Basis of accounting

The Government reports revenues and expenditures on both a gross and net basis. On the net basis, certain expenditures are deducted from revenues and certain revenues are deducted from expenditures as described in Note 3.

Tax revenues are reported net of refunds and are exclusive of amounts collected on behalf of provinces and territories. The Government generally reports tax revenues in the period in which they are received. Refunds of tax revenues are allocated to the year in which the processing cycle for the assessment of the related tax return has been started. However, cases of tax refunds that are significant and were under appeal to the Federal Court of Canada or the Supreme Court of Canada and where all such appeals have been exhausted or are not expected to be pursued, are reported on an accrual basis. The goods and services tax (GST) quarterly tax credits and payments under the child tax benefit program are charged in the period to which they relate.

Non-tax revenues are reported on an accrual basis.

Expenditures for Government operations are recorded when goods are received or services are rendered. Transfer payments are recorded as expenditures when paid or when the recipient has fulfilled the terms of a contractual transfer agreement. Capital leases are recorded as expenditures over the lease term as payments are made. Expenditures include allowances for any changes in the value of any assets, or to reflect liabilities at their economic value.

Financial claims are recorded as assets, except for those related to tax revenues. Assets are recorded at cost and are subject to annual valuation to reflect reductions from their recorded value to the estimated realizable value. The costs of acquiring land, buildings, structures, equipment and other capital property are recorded as expenditures at the time of acquisition or construction.

Financial obligations to outside organizations or individuals are recorded as liabilities if the underlying event occurred prior to or at year end. Liabilities are recorded at the estimated amount ultimately payable, with such estimates being revised on an annual basis.

Concessionary loans

Loans made on a long-term, low-interest or interest-free basis, and investments in organizations that make similar loans, are included in full or in part as expenditures when the economic value of these loans is reduced due to their concessionary terms.

Sovereign loans

Loans to sovereign governments are considered collectible unless they are formally repudiated by the debtor. However, the Government has provided allowances on the expectation that debt or debt service relief may be offered to certain sovereign debtors pursuant to multilateral agreements.

Gold

The Government's gold reserves are included in the international reserves held in the Exchange Fund Account and are valued in relation to international agreements and a basket of five major currencies. More details on gold reserves are provided in Note 9.

Employee benefits

Employees' entitlements to severance and pension benefits are reported on an actuarial basis. This process is intended to determine the current value of future entitlements and uses various estimates. When actual experience varies from estimates, the adjustments needed are amortized over the estimated average remaining service lives of the employees. More details on public sector pensions are provided in Note 7.

Contingent liabilities

Contingent liabilities, generally, are reported in the notes to the financial statements until one or more future events occur or fail to occur. At such time, they may become actual liabilities and, if so, they are then recorded in the accounts. An exception is made for losses on loan guarantees which are accrued as liabilities when it is likely that a payment will be required in the future to

honour a guarantee and where the amount of the loss can be reasonably estimated. Specific amounts of contingent liabilities are reported when available. Where specific amounts are not available, estimates of potential liability are used, if determinable. Items for which no reasonable estimate can be made are not included. More details on contingent and environmental liabilities are provided in Notes 14 and 15 respectively.

Foreign currency translation

Transactions involving foreign currencies are translated into Canadian dollar equivalents using rates in effect at the time of those transactions. Assets and liabilities denominated in foreign currencies are translated using rates at March 31.

Comparative information

Comparative figures are reclassified to conform to the current year's presentation.

2. Spending and Borrowing Authorities

i. Spending authorities

The authority of Parliament is required before monies can be spent by the Government. Some approvals are given in the form of annually approved limits (appropriation acts). Other approvals come from other legislation in the form of statutory spending authority for specific purposes (for example, old age security). During the year, expenditures were made under the following authorizations:

| | (in millions of dollars) | |
|--|--------------------------|---------|
| | 1996 | 1995 |
| Annual spending limits voted by Parliament | 49,551 | 51,512 |
| Expenditures permitted under other legislation | 104,722 | 97,060 |
| Total expenditures authorized during the year | 154,273 | 148,572 |
| Less amount available for use in subsequent years and lapsed, net of over-expended | 4,225 | 3,824 |
| Total used in the current year | 150,048 | 144,748 |
| Effect of consolidating certain accounts and provision for valuation | 8,870 | 16,037 |
| Net total expenditures per Statement of Revenues and Expenditures | 158,918 | 160,785 |

The use of budgetary expenditures authorities as reported in the preceding table differs from the total net expenditures reported on the Statement of Revenues and Expenditures. Certain accounts with separate non-budgetary authorities and certain Crown corporations are consolidated with the Government's financial statements but are not included in the expen-

ditures (budgetary) authorities available for use. In addition, the authorities exclude the general provision for valuation of assets and liabilities, which is authorized by section 63 of the *Financial Administration Act*.

In addition to the authorities for budgetary expenditures, non-budgetary spending of \$54,766 million (\$52,862 million in 1995) was authorized for loans, investments and advances. A net amount of \$1,423 million was used (\$195 million was repaid in 1995), an amount of \$3,604 million (\$868 million in 1995) lapsed and an amount of \$49,739 million (\$52,189 million in 1995) is available for use in subsequent years.

Details (unaudited) about the source and disposition of authorities are provided in Volume II (Part I) of the *Public Accounts of Canada*.

ii. Overexpenditure of spending authorities

During the year, capital expenditures Vote 5 of the Department of National Defence and capital expenditures Vote 40 of the Canadian Space Agency were overexpended by less than \$50 million each.

These overexpenditures arose through the recognition of expenditures and liabilities pertaining to the 1995-96 fiscal year, for which payments will be made in subsequent years. Consequently, related authorities of a subsequent year will be reduced by any payments made to discharge liabilities that resulted from the overexpenditures.

Details (unaudited) of all overexpended votes can be found in the ministerial sections of Volume II (Part I) of the *Public Accounts of Canada*.

iii. Borrowing authorities

The Government may borrow only on the authority of Parliament. The laws authorizing borrowings may be summarized as follows:

| | (in millions of dollars) | |
|---|--------------------------|--------|
| | 1996 | 1995 |
| Unused authorities at beginning of year | NIL | NIL |
| Authorities granted during the year | 28,900 | 34,300 |
| Total authorities available | 28,900 | 34,300 |
| Authorities used during the year | 28,668 | 26,853 |
| Authorities lapsed during the year | 232 | 7,447 |
| Unused authorities at end of year | NIL | NIL |

The difference between the use of borrowing authorities of \$28,668 million (\$26,853 million in 1995) and the increase in unmatured debt of \$28,549 million (\$27,023 million in 1995) for the year is made up of changes in holdings of Canadian debt, changes in foreign currency adjustments and changes in adjustments to consolidated Crown corporation holdings.

No temporary borrowings were authorized in 1995 or 1996.

3. Revenues

On the Statement of Revenues and Expenditures, revenues and expenditures are reported on both a gross and net basis. The difference between the two are revenues netted against expenditures, revenues of consolidated Crown corporations credited to expenditures, tax revenue items related to expenditures and included in revenues, and recovery of tax revenues credited to expenditures. Gross and net transactions are presented in the following tables.

i. Personal income tax

The following table presents details of personal income tax revenues as classified in the Statement of Revenues and Expenditures:

| | (in millions of dollars) | |
|--|--------------------------|--------|
| | 1996 | 1995 |
| Gross personal income tax..... | 65,195 | 61,676 |
| Less: Child tax benefits— | | |
| Child tax credits | 21 | 43 |
| Child tax benefit payments | 5,197 | 5,286 |
| Fiscal arrangements—Youth allowance recovery | 417 | 393 |
| Social benefit repayments— | | |
| Family allowances | -3 | -7 |
| Old age security benefits | -604 | -368 |
| Net personal income tax..... | 60,167 | 56,329 |

Details (unaudited) can be found in Section 3 of this volume.

The difference between the gross and net totals of personal income tax revenues consists of items that are related to expenditures but are determined through the income tax or fiscal arrangements processes. These items are reflected in the gross amounts of the relevant transfer payments in the Statement of Revenues and Expenditures.

ii. Excise taxes and duties

The following table presents details of the goods and services tax (GST), and other excise taxes and duties as classified in the Statement of Revenues and Expenditures:

| | (in millions of dollars) | |
|--|--------------------------|--------|
| | 1996 | 1995 |
| Goods and services tax received | 38,048 | 36,715 |
| Less: Refunds | 16,482 | 14,787 |
| Rebates ⁽¹⁾ | 1,531 | 1,447 |
| GST paid by ministries | 861 | 879 |
| Gross goods and services tax | 19,174 | 19,602 |
| Less other transfer payments— | | |
| Quarterly tax credits | 2,799 | 2,816 |
| Net goods and services tax | 16,375 | 16,786 |
| Gross other excise taxes and duties | 3,539 | 3,493 |
| Less other program expenditures—Revenues netted against expenditures | 683 | 589 |
| Net other excise taxes and duties | 2,856 | 2,904 |

Details (unaudited) can be found in Section 3 of this volume.

⁽¹⁾ GST rebates are reported net of GST collected by claimants.

The difference between gross and net GST represents quarterly tax credits which are related to expenditures but are determined through the personal income tax process. These credits are reflected in the gross amounts of other transfer payments in the Statement of Revenues and Expenditures. The difference between gross and net other excise taxes and duties represents revenues netted against expenditures. These revenues are reflected in the gross amounts of other program expenditures in the Statement of Revenues and Expenditures.

iii. Non-tax revenues

The following table presents details of non-tax revenues as classified in the Statement of Revenues and Expenditures:

| | (in millions of dollars) | |
|---|--------------------------|-------|
| | 1996 | 1995 |
| Gross return on investments | | |
| Loans, investments and advances | 3,076 | 2,868 |
| Foreign exchange accounts | 1,424 | 1,932 |
| Other | 67 | 278 |
| | 4,567 | 5,078 |
| Less: Other program expenditures— | | |
| Revenues netted against expenditures | 38 | 36 |
| Crown corporation expenditures— | | |
| Revenues of consolidated Crown corporations | 54 | 21 |
| Net return on investments | 4,475 | 5,021 |
| Gross other non-tax revenues | 6,092 | 5,530 |
| Less: Other program expenditures— | | |
| Revenues netted against expenditures | 1,942 | 2,230 |
| Crown corporation expenditures— | | |
| Revenues of consolidated Crown corporations | 1,665 | 717 |
| Net other non-tax revenues | 2,485 | 2,583 |

Details (unaudited) can be found in Section 3 of this volume.

The difference between the gross and net totals of return on investments and other non-tax revenues consists of revenues netted against expenditures and revenues of consolidated Crown corporations. These revenues are reflected in the gross amounts of other program expenditures and Crown corporation expenditures in the Statement of Revenues and Expenditures.

4. Expenditures

Expenditures on the Statement of Revenues and Expenditures are as follows:

i. By type of resources acquired or disbursements made

| | | (in millions of dollars) | |
|-----------------|--|--------------------------|---------|
| Standard Object | | 1996 | 1995 |
| (1) | Personnel | 16,747 | 19,155 |
| (2) | Transportation and communications... | 1,797 | 1,826 |
| (3) | Information | 242 | 204 |
| (4) | Professional and special services | 3,241 | 3,169 |
| (5) | Rentals | 1,017 | 1,061 |
| (6) | Purchased repair and maintenance | 1,325 | 1,397 |
| (7) | Utilities, materials and supplies | 2,690 | 2,430 |
| (8) | Construction or acquisition of land, buildings and works | 776 | 918 |
| (9) | Construction or acquisition of machinery and equipment | 3,266 | 3,466 |
| (12) | Other subsidies and payments | 6,156 | 6,666 |
| | | 37,257 | 40,292 |
| (13) | Less: Revenues netted against expenditures | 2,663 | 2,855 |
| | Revenues of consolidated Crown corporations | 1,719 | 738 |
| | Net total—Other program and Crown corporation expenditures | 32,875 | 36,699 |
| (10) | Gross transfer payments | 86,965 | 90,203 |
| | Less tax credits and repayments | 7,827 | 8,163 |
| | Net transfer payments | 79,138 | 82,040 |
| | Total net program expenditures | 112,013 | 118,739 |
| (11) | Public debt charges | 46,905 | 42,046 |
| | Total net expenditures | 158,918 | 160,785 |

Details (unaudited) can be found in Section 1 of Volume II (Part I) of the *Public Accounts of Canada*.

ii. Other transfer payments by ministry

| (in millions of dollars) | | |
|---|--------|--------|
| | 1996 | 1995 |
| Agriculture and Agri-Food | 1,813 | 1,355 |
| Foreign Affairs and International Trade | 2,081 | 2,544 |
| Human Resources Development | 2,521 | 2,439 |
| Indian Affairs and Northern Development | 4,861 | 4,614 |
| Industry | 1,748 | 1,702 |
| Veterans Affairs | 1,391 | 1,445 |
| Other ministries | 5,332 | 7,498 |
| Total | 19,747 | 21,597 |

Details (unaudited) can be found in Section 1 of Volume II (Part I) of the *Public Accounts of Canada*.

iii. Other program expenditures by ministry

| (in millions of dollars) | | |
|---|--------|--------|
| | 1996 | 1995 |
| Finance | 1,619 | 177 |
| Fisheries and Oceans | 1,179 | 1,212 |
| Foreign Affairs and International Trade | 1,101 | 1,189 |
| Health | 1,054 | 1,164 |
| Industry | 1,666 | 1,429 |
| National Revenue | 2,055 | 2,042 |
| Public Works and Government Services | 1,672 | 1,720 |
| Solicitor General | 2,580 | 2,526 |
| Treasury Board | 1,230 | 755 |
| Other ministries | 4,463 | 8,789 |
| | 18,619 | 21,003 |
| National Defence | 9,935 | 10,693 |
| Total | 28,554 | 31,696 |

Details (unaudited) can be found in Section 1 of Volume II (Part I) of the *Public Accounts of Canada*.

iv. Public debt charges

| (in millions of dollars) | | |
|---|--------|--------|
| | 1996 | 1995 |
| Interest on— | | |
| unmatured debt | 23,805 | 21,573 |
| pension and other accounts | 11,235 | 10,317 |
| Amortization of discounts on Canada and Treasury bills | 11,422 | 9,685 |
| Amortization of premiums, discounts and commissions on all other debt | 390 | 393 |
| Servicing costs and costs of issuing new borrowings | 53 | 78 |
| Total public debt charges | 46,905 | 42,046 |

Details (unaudited) can be found in Section 3 of this volume.

v. *Transitional assistance for GST harmonization*

In March of 1996, the Government made a commitment to the Provinces of Newfoundland and Labrador, New Brunswick and Nova Scotia to provide transitional assistance totalling \$961 million in respect of a four-year period commencing April 1, 1997 to facilitate their participation in a harmonized value-added tax system. In April 1996, these provinces agreed in principle to participate in the proposed harmonized tax system. The Government has recorded this assistance as a liability at March 31, 1996 and charged \$961 million to other transfer payment expenditures for this measure.

vi. *Public Service restructuring*

In 1994-95, the Government took specific measures to reduce employment in the Public Service over a three year period ending in July 1998, and charged the estimated termination costs of \$2,319 million to other program expenditures in that year. In 1995-96, the Government expanded this employment reduction program and re-estimated its total costs. As a consequence, in 1995-96, the Government charged \$722 million to other program expenditures for staff reduction initiatives. Of this amount, \$572 million relates to Public Sector pension costs.

5. **Accumulated Deficit**

In accordance with its stated accounting policies, the Government includes in its revenues and expenditures, the transactions of consolidated Crown corporations and of certain accounts for specified purposes. Legislation requires that the revenues of these accounts be identified and that related payments be charged against such revenues. Any deficiency of payments over revenues must be met through future revenues from these accounts. The following table shows the balances of these consolidated accounts and the retained earnings of the consolidated Crown corporations included in the accumulated deficit:

| | (in millions of dollars) | |
|---|--------------------------|---------|
| | 1996 | 1995 |
| Accumulated deficit excluding consolidated accounts | 573,267 | 540,704 |
| Consolidated accounts— | | |
| Unemployment Insurance Account | 142 | 4,095 |
| Western Grain Stabilization Account | 1,088 | 1,090 |
| Crop Reinsurance Fund | 285 | 343 |
| Other insurance accounts | -277 | -263 |
| Agriculture Commodities Stabilization Accounts | -19 | -14 |
| Other consolidated accounts | -267 | -257 |
| | 574,219 | 545,698 |
| Consolidated Crown corporations | 70 | -26 |
| Accumulated deficit | 574,289 | 545,672 |

Details (unaudited) can be found in Section 4 of this volume.

6. **Unmatured Debt**

The following table presents interest rates and maturity of debt issues by currency and type at face value:

| Maturing years | (in millions of dollars) | | | | | | | |
|---|--------------------------|---|----------------|-------------------------------------|-------------------------------|---|---|---------|
| | Marketable bonds | | | Canada bills | | Canada notes | | Total |
| | Canadian \$ | Foreign currencies expressed in Canadian \$ | Treasury bills | Canada savings bonds ⁽¹⁾ | Bonds for Canada Pension Plan | Foreign currencies expressed in Canadian \$ | Foreign currencies expressed in Canadian \$ | |
| | | | | | | | | |
| 1997 | 26,055 | | 166,100 | | 11 | 6,985 | 147 | 199,298 |
| 1998 | 27,973 | 2,718 | | 3,597 | 11 | | 155 | 34,454 |
| 1999 | 23,975 | 2,718 | | 3,410 | 12 | | 2 | 30,117 |
| 2000 | 19,803 | | | | 17 | | | 19,820 |
| 2001 | 26,950 | 2,039 | | | 23 | | 6 | 29,018 |
| 2002 and subsequent | 128,010 | 2,039 | | 24,421 | 3,404 | | | 157,874 |
| | 252,766 | 9,514 | 166,100 | 31,428 | 3,478 | 6,985 | 310 | 470,581 |
| Less Government's holdings of unmaturing debt | 66 | | | 968 | | | | 1,034 |
| | 252,700 | 9,514 | 166,100 | 30,460 | 3,478 | 6,985 | 310 | 469,547 |
| Effective average annual interest rate | 8.48 | 6.22 | 5.89 | 6.58 | 10.21 | 5.20 | 5.64 | |
| Range of interest rates | 3-15.75 | 6.375-6.5 | 4.93-8.36 | 5.25-6.75 | 8.73-17.51 | 4.92-5.81 | 5.45-6.19 | |

Details (unaudited) can be found in Section 6 of this volume.

⁽¹⁾ Canada savings bonds are redeemable on demand.

Government debt is issued at both fixed and variable rates. The Government has entered into interest swap agreements to facilitate management of the risks associated with its interest rate exposure. At March 31, 1996, Canadian interest swap agreements amounted to \$7,731 million (Cdn \$7,925 million in 1995) in notional principal. Under these agreements, which expire between 1996 and 2005, fixed interest rate commitments have been converted to variable rates (tied to the London Interbank Offered Rate (LIBOR) or Banker's Acceptance). The Government had no US interest swap agreements in 1996 (US \$1,625 million in 1995).

The Government has entered into currency swap arrangements where Canada has exchanged Cdn \$1,081 million (Cdn \$400 million in 1995) for US \$786 million (US \$286 million in 1995). The Government pays a floating rate of interest on the US \$786 million and receives a floating rate of interest on the Cdn \$1,081 million. The US floating rate is tied to LIBOR, and the Canadian floating rate is tied to the Banker's Acceptance.

The interest paid or payable and the interest received or receivable on all swap transactions are recorded as part of public debt charges in the Statement of Revenues and Expenditures.

Foreign currency amounts are translated to the Canadian dollar equivalent at year end and include the following:

| | (in millions of dollars) | | |
|----------------------------|--------------------------|-------------|-------------|
| | 1996 | 1996 | 1995 |
| | Face value | Canadian \$ | Canadian \$ |
| United States dollars..... | 12,368 | 16,810 | 16,921 |

7. Public Sector Pensions

The Government is responsible for defined benefit pension plans covering substantially all of its full-time employees (including the Public Service, Canadian Forces, Royal Canadian Mounted Police and certain Crown corporations) as well as federally appointed judges and Members of Parliament. Pension benefits are generally calculated by reference to highest earnings for a specified period of time, are related to years of service and are indexed to inflation. Separate funds are not set aside to provide for payment of these pension benefits.

Annually, pension obligations are estimated by projecting benefits expected to be paid in the future and calculating their present value. Many assumptions are required for this process, including estimates of future inflation, interest rates, general wage increases, workforce composition, retirement rates and mortality rates. The long-term rate of inflation used in the valuation is 2.0 percent.

The Government uses its best estimates for the assumptions affecting these pension obligations. Changes in assumptions can result in significantly higher or lower estimates of liabilities. For example, an increase of 1 percent in the inflation rate would increase the pension liability by approximately \$9,600 million, whereas an increase of 1 percent in interest rates would reduce the pension liability by about \$13,000 million.

The pension liability recorded in the financial statements is comprised of the accrued benefit obligation determined as of March 31, 1996, which amounted to \$86,530 million (\$82,380 million in 1995) and unamortized pension adjustments of \$21,352 million (\$18,653 million in 1995). The unamortized pension adjustments will be amortized over periods ranging from 7 to 14 years which reduce expenditures in those years.

Interest at the Government's long-term bond rate (about 10.4 percent in 1996 and 1995) is calculated in accordance with the pension legislation and is reported as part of the public debt charges. Charges to expenditures are summarized as follows:

| | (in millions of dollars) | |
|---|--------------------------|--------|
| | 1996 | 1995 |
| Employer contributions..... | 1,427 | 1,459 |
| Pension costs attributable to Public Service restructuring ⁽¹⁾ | 572 | 819 |
| <i>Public Service Superannuation Act</i> | | |
| pension plan amendment..... | 415 | |
| Statutory payments under various acts..... | 86 | 82 |
| Less amortization of estimation adjustments..... | -2,399 | -1,959 |
| Net pension costs..... | 101 | 401 |
| Interest charged to public debt charges..... | 10,481 | 9,699 |
| | 10,582 | 10,100 |

Details (unaudited) can be found in Section 6 of this volume.

⁽¹⁾ Public Service restructuring is discussed in more detail in Note 4.

8. Canada Pension Plan

As explained in Note 1, the financial activities of the Canada Pension Plan are not included in these financial statements.

The Plan is a federal/provincial program for compulsory and contributory social insurance. It operates in all parts of Canada, except for the Province of Quebec which has a comparable program. The Plan is administered by the Government of Canada, under joint control with the participating provinces.

The Canada Pension Plan Account was established in the accounts of Canada to record the contributions, interest, pensions and benefits and administration expenditures of the Plan. Additionally, the Canada Pension Plan Investment Fund was established in the accounts of Canada to record the investment in securities of the provinces, territories and Canada. The liability at March 31, 1996 is reported as the balance in the Account net of securities held by the Fund. A summary of the financial activities of the Plan is presented as follows:

| | (in millions of dollars) | |
|---|--------------------------|---------|
| | 1996 | 1995 |
| Canada Pension Plan Account— | | |
| Balance beginning of year..... | 40,373 | 40,951 |
| Contributions received | 10,607 | 10,464 |
| Interest earned | 4,376 | 4,415 |
| Pensions and benefits paid | -15,969 | -15,257 |
| Administration expenditures | -219 | -200 |
| Balance end of year | 39,168 | 40,373 |
| Invested in— | | |
| Provincial securities | 32,054 | 33,479 |
| Canada bonds | 3,478 | 3,488 |
| Deposit with the Receiver General for Canada | 3,636 | 3,406 |
| | 39,168 | 40,373 |

The financial statements of the Plan are included in Section 6 of this volume.

The Plan is financed on a pay-as-you-go basis, which means that pensions and benefits are paid out of current contributions. As administrator, the Government's authority to spend is limited to the balance of the Account of \$39,168 million (\$40,373 million in 1995). Governing legislation does not require the Plan obligations to be determined on an actuarial basis (a process that estimates the current value of future benefits using various assumptions). The balance in the Account is therefore planned, over time, to equal about two times the projected annual payments in the following year. The Fifteenth Actuarial Report on the Canada Pension Plan prepared by the Chief Actuary of the Office of the Superintendent of Financial Institutions provides further discussion on funding of the Plan.

9. Foreign Exchange Accounts

i. Foreign exchange accounts

Foreign exchange accounts represent financial claims and obligations of the Government as a result of Canada's foreign exchange operations.

The following table presents the balances of foreign exchange accounts:

| | (in millions of dollars) | |
|---|--------------------------|--------|
| | 1996 | 1995 |
| International reserves held in the Exchange | | |
| Fund Account | 18,908 | 14,356 |
| International Monetary Fund— | | |
| Subscriptions | 8,580 | 9,433 |
| | 27,488 | 23,789 |
| Less: International Monetary Fund— | | |
| Notes payable | 6,886 | 7,737 |
| Special drawing rights allocations | 1,548 | 1,702 |
| | 8,434 | 9,439 |
| Total foreign exchange accounts | 19,054 | 14,350 |

Details (unaudited) can be found in Section 8 of this volume.

ii. Gold

The Government keeps certain investments in its Exchange Fund Account to aid in the control and protection of the external value of the Canadian dollar. Part of these investments is kept in the form of gold: 3.3 million fine ounces (3.9 million fine ounces in 1995). These gold holdings are valued at 35 SDRs or \$69.51 (\$76.42 in 1995) per fine ounce, which approximates cost. An SDR is a unit of account used by the International Monetary Fund valued in terms of a basket of five major currencies. This valuation results in a recorded value of \$230 million (\$298 million in 1995), which is much lower than the market value basis of \$1,778 million (\$2,139 million in 1995) using values of \$538.68 per fine ounce in 1996 (\$548.49 in 1995).

Further details are provided in the financial statements of the Exchange Fund Account in Section 8 of this volume.

10. Loans, Investments and Advances

i. Loans, investments and advances include the following:

| | (in millions of dollars) | |
|---|--------------------------|---------------|
| | 1996 | 1995 |
| Enterprise Crown corporations— | | |
| Canada Deposit Insurance Corporation ... | 1,627 | 2,160 |
| Canada Mortgage and Housing Corporation | 7,288 | 7,860 |
| Canadian National Railway System ⁽¹⁾ | | 2,360 |
| Export Development Corporation | 983 | 851 |
| Farm Credit Corporation | 3,428 | 3,642 |
| Business Development Bank of Canada ... | 353 | 303 |
| Other | 984 | 1,042 |
| <i>Total enterprise Crown corporations</i> | <i>14,663</i> | <i>18,218</i> |
| Joint and mixed enterprises— | | |
| Petro-Canada ⁽¹⁾ | 1,226 | 4,300 |
| Other | 74 | 74 |
| | 1,300 | 4,374 |
| National governments including developing countries | 3,221 | 3,282 |
| International organizations (Net) | 3,660 | 3,545 |
| Provincial and territorial governments | 709 | 876 |
| Other | 2,154 | 1,710 |
| <i>Total loans, investments and advances</i> | <i>25,707</i> | <i>32,005</i> |

Details (unaudited) can be found in Section 9 of this volume.

⁽¹⁾ More information can be found in part iv. of this note.

ii. Crown corporations

The Government wholly owns fifty-three companies referred to as Crown corporations.

Some of these companies rely on the Government for most of their financing. There are twenty-one (twenty-two in 1995) such companies whose financial activities are consolidated in these financial statements. Therefore, no loan balances with these corporations are recorded in the table above. The major corporations are Atomic Energy of Canada Limited, Canadian Broadcasting Corporation, Marine Atlantic Inc. and VIA Rail Canada Inc. Details of these corporations are included in Section 4 of this volume.

Other companies are able to raise substantial portions of their revenues through commercial business activity and are self-sustaining; these companies are called enterprise Crown corporations. Their financial affairs are not included in these financial statements, except that their borrowings are recorded as liabilities of the Government when they are not expected to be repaid directly by these corporations. Details of these corporations are included in Section 9 of this volume.

Financial statements of all Crown corporations are included in the President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada.

iii. Enterprise Crown corporations

As shown in i. above, the Government's recorded financial assets for this group amount to \$14,663 million (\$18,218 million in 1995). Of this amount, \$3,234 million (\$5,391 million in 1995) represents investments in capital stock and contributed capital of the corporations. The balance represents loans and advances made by the Government.

Financial results for the enterprise Crown corporations are summarized as follows:

| | (in millions of dollars) | |
|--|--------------------------|--------|
| | 1996 | 1995 |
| Assets (including fixed assets and deferred charges of \$6,032 (\$13,528 in 1995)) | 76,572 | 82,171 |
| Liabilities | 72,390 | 75,792 |
| Net equity | 4,182 | 6,379 |
| Revenues | 17,798 | 21,883 |
| Expenses | 15,445 | 19,958 |
| Net income for the year | 2,353 | 1,925 |
| Other changes in equity | | |
| Dividends ⁽¹⁾ | -1,859 | -1,588 |
| Other ⁽²⁾ | -2,691 | 610 |
| | -2,197 | 947 |
| Opening net equity | 6,379 | 5,432 |
| Closing net equity | 4,182 | 6,379 |
| Contractual commitments | 5,519 | 9,331 |
| Contingent liabilities | 544 | 592 |

Details (unaudited) can be found in Section 9 of this volume.

⁽¹⁾ Amounts reported as dividends include \$1,841 million (\$1,571 million in 1995) from the Bank of Canada.

⁽²⁾ More information can be found in part iv. of this note.

iv. Privatization

In 1995-96, the Government sold its total investment in the Canadian National Railway Company (CN) and has also sold a major portion of its investment in Petro-Canada.

The proceeds generated from the disposal of CN amounted to \$2,079 million of which \$1,219 million was received by March 31, 1996 and \$860 million will be received on or before November 26, 1996. The sale of CN, net of allowances of \$1,022 million charged to previous years' deficits resulted in a net gain of \$171 million.

The proceeds generated from the disposal of 123.9 million shares of Petro-Canada amounted to \$1,746 million of which \$693 million was received by March 31, 1996. The remaining \$1,053 million will be received in two equal instalments on or before September 26, 1996 and March 24, 1997. The sale of Petro-Canada, net of allowances of \$1,481 million charged to previous years' deficits resulted in a net gain of \$154 million. As at March 31, 1996, the

Government's holding in Petro-Canada has been reduced to 49.4 million shares, or about 20 percent of the company.

11. International Development Assistance—Loans and Subscriptions

i. Loans to developing countries

Included in loans to national governments of \$3,221 million (\$3,282 million in 1995) are loans to developing countries of \$1,752 million (\$1,828 million in 1995). Due to the concessionary nature of these loans (extended terms, low interest rates or no interest), loans signed before April 1, 1986 have been fully provided for in the allowance for valuation of assets. All similar loans disbursed after April 1, 1986 have been treated as budgetary expenditures.

Details (unaudited) can be found in Section 9 of this volume.

ii. Loans, investments and advances to international organizations

Loans, investments and advances to international organizations, including development banks and their related funds, total \$5,565 million (\$5,480 million in 1995) against which notes payable to these institutions of \$1,905 million (\$1,935 million in 1995) are netted. These notes are non-interest bearing, non-negotiable and payable on demand, although normally encashed within seven years.

Generally, advances to the funds are considered to be of a more concessionary nature as the funds lend to developing countries on beneficial terms. Accordingly, advances to the funds prior to April 1, 1986 have been fully provided for in the allowance for valuation of assets. Advances to the funds after April 1, 1986 have been treated as budgetary expenditures.

Details (unaudited) can be found in Section 9 of this volume.

12. Contractual Commitments

The nature of Government activity results in some large multi-year contracts and obligations. Major contractual commitments that can be reasonably estimated are summarized as follows:

| | (in millions of dollars) | |
|---|--------------------------|--------|
| | 1996 | 1995 |
| Transfer payment agreements | 11,110 | 11,269 |
| Acquisition of property and equipment, and goods and services | 3,285 | 5,022 |
| Operating and capital leases | 4,077 | 4,372 |
| International organizations | 1,516 | 2,400 |
| Benefit plans for veterans | 5,750 | 5,500 |
| Pension liability under Continuation Acts | 230 | 300 |
| | 25,968 | 28,863 |

Details (unaudited) can be found in Section 10 of this volume.

Estimated expenditures against these commitments in future years are as follows:

| YEAR | (in millions of dollars) |
|---------------------------|--------------------------|
| 1997 | 6,461 |
| 1998 | 4,906 |
| 1999 | 4,093 |
| 2000 | 3,855 |
| 2001 | 3,358 |
| 2002 and subsequent | 3,295 |
| | 25,968 |

Details (unaudited) can be found in Section 10 of this volume.

i. Transfer payment agreements

Included in the transfer payment agreements commitments of \$11,110 million (\$11,269 million in 1995) is an amount of \$8,868 million (\$9,585 million in 1995) related to various contractual obligations of Canada Mortgage and Housing Corporation (CMHC) for social housing programs. These agreements are made to provide funding for projects for up to 40 years. Honouring these obligations currently amounts to about \$1,800 million per year. Uncertainty in forecasting makes estimates beyond the year 2001 unreliable. Accordingly, the amounts reported for CMHC under transfer payment agreements cover only to this date.

ii. Operating and capital leases

Capital leases have various terms up to 50 years. Of the total of \$4,077 million (\$4,372 million in 1995) in operating and capital leases, \$3,106 million (\$3,323 million in 1995) represents future payments for capital leases. Of this, \$2,020 million (\$2,205 million in 1995) is imputed interest and executory costs.

iii. Benefit plans for veterans

Under the *Pension Act*, the Government provides pensions and benefits for disability or death arising from military service. Estimated annual expenditures under this Act will approximate \$1,150 million per year over the next few years. Uncertainty in forecasting makes estimates beyond the year 2001 unreliable. Accordingly, the amounts reported under Benefit Plans for Veterans cover only to this date.

13. Insurance Programs

Three enterprise Crown corporations, whose financial affairs are not consolidated with these financial statements, operate insurance programs for the Government. In the event the corporations have insufficient funds, the Government will have to provide financing.

Canada Deposit Insurance Corporation provides basic protection coverage to depositors for up to \$60,000 deposited with each member bank, trust or loan company. Total insured deposits at March 31, 1996 amounted to \$327,757 million (\$323,895 million in 1995). The Corporation is expected to be self-financing through premiums collected from members. However, at March 31, 1996, it has accumulated a shortfall of \$1,301 million (\$1,747 million in 1995). The Government expects that this amount will be made up from members' premiums in future years and that no costs will be incurred by the Government.

Canada Mortgage and Housing Corporation operates the Mortgage Insurance Fund which provides insurance for mortgage lending on Canadian housing by private institutions. Insurance in force at March 31, 1996 was \$118,600 million (\$103,900 million in 1995). The Fund has a surplus of \$29 million as at March 31, 1996 (deficit of \$72 million in 1995). Budgetary financial assistance, although rare, is provided at the discretion of the Government.

Export Development Corporation provides export and foreign investment insurance to help with export trade. Insurance in force at March 31, 1996 was \$7,821 million (\$7,373 million in 1995). The premiums collected by the Corporation are expected to cover the cost of both current claims and possible future claims.

Details (unaudited) can be found in Section 10 of this volume.

14. Contingent Liabilities

Contingent liabilities which may become actual liabilities, may be summarized as follows:

| | (in millions of dollars) | |
|--|--------------------------|--------|
| | 1996 | 1995 |
| Guarantees by the Government | 37,003 | 34,314 |
| Less allowance for losses | 5,440 | 5,540 |
| | 31,563 | 28,774 |
| International organizations | 17,768 | 16,863 |
| Claims and pending and threatened litigation | 11,114 | 10,178 |
| Consolidated Crown corporations | 35 | 42 |
| | 60,480 | 55,857 |

Details (unaudited) can be found in Section 10 of this volume.

The Government records an allowance for losses on loan guarantees and for borrowings of enterprise Crown corporations when it is likely that a future payment will be made.

The Government has callable share capital in certain international organizations that could require payment to these agencies. In addition, the Government has issued lines of credit to international organizations to finance future lending.

Included in claims and pending and threatened litigation are aboriginal claims of \$5,552 million (\$6,229 million in 1995) and comprehensive aboriginal land claims of \$623 million in 1996 and 1995. Approximately 454 additional specific aboriginal claims related to statutory and treaty obligations have not been totally quantified in either 1996 or 1995 along with 57 (49 in 1995) comprehensive land claims.

Also included in claims and pending and threatened litigation is \$1,760 million relating to tax refunds that are significant and were under appeal to the Federal Court of Canada or the Supreme Court of Canada at March 31, 1996.

15. Environmental Liabilities

The Government has adopted a Code of Environmental Stewardship covering all areas of its operations. The Code will be complemented by a list of targets and objectives reflecting environmental commitments that the Government has made or is making and that will be implemented in its operations. They will cover a broad range of issues, from real property management and waste generation to contaminated site clean-up.

While estimates of total radioactive and non-radioactive waste clean-up costs for Canada have ranged as high as \$30,000 million, much of this amount is clearly the responsibility of other levels of government and the private sector. Some estimates place the federal share at \$2,800 million. However, reasonable estimates of costs attributable to the Government cannot be fully determined at this time. The determination of these costs will be subject to and depend on evolving public policy, legislation, and results of the search for long-term cost-effective waste disposal solutions. The Government will continue to work toward the reasonable determination and disclosure of environmental liabilities in accordance with generally accepted accounting principles.

SUPPLEMENTARY STATEMENTS

In the February 1991 Budget, the Government introduced measures aimed at improving its financial and economic position. These measures included proposals for a *Spending Control Act* and a *Debt Servicing and Reduction Account Act*. On June 18, 1992, both Acts were passed by Parliament with implementation for the 1991-92 fiscal year.

The intention of these Acts is to limit program spending. The *Spending Control Act* deals with limiting program spending for the period from 1991-92 to 1995-96 inclusive to the levels projected in the February 1991 Budget. The *Debt Servicing and Reduction Account Act* calls for certain revenues including the goods and services tax (GST) to be used to service the public debt and not to fund new program spending. Transactions in respect of both Acts are reported in the following two statements.

OPINION OF THE AUDITOR GENERAL ON THE STATEMENT REQUIRED UNDER THE *SPENDING CONTROL ACT*

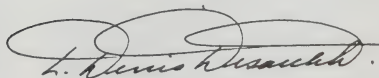
To the House of Commons

I have audited the statement by the Minister of Finance respecting compliance with the *Spending Control Act* for the year ended March 31, 1996. This financial statement is the responsibility of the Government. My responsibility is to express an opinion on this financial statement based on my audit, as required by section 8 of the *Spending Control Act*.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting policies used and significant estimates made by the Government, as well as evaluating the overall financial statement presentation.

In my opinion, this financial statement presents information fairly, in all material respects, in accordance with the *Spending Control Act* and the stated accounting policies of the Government of Canada as set out in Note 2 of the financial statement. As required by section 8 of the *Spending Control Act*, I also report that, in my opinion, these stated accounting policies have been applied, in all material respects, on a basis consistent with that of the preceding year.

Additional information and comments on the financial statement and this opinion are included in my observations at the end of this section.



L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
July 22, 1996

Statement by the Minister of Finance respecting compliance with the *Spending Control Act* for the Year Ended March 31, 1996

(in thousands of dollars)

| | 1996 | 1995 |
|---|-------------|-------------|
| Total expenditures for the year..... | 158,918,014 | 160,784,829 |
| Less: | | |
| Public debt charges..... | 46,905,395 | 42,045,877 |
| Expenditures under the <i>Unemployment Insurance Act</i> | | |
| Benefits..... | 13,475,969 | 14,814,773 |
| Administration costs..... | 1,350,821 | 1,284,785 |
| Expenditures under the <i>Farm Income Protection Act</i> | | |
| Net repayments of advances to a Revenue Insurance Fund and provincial revenue insurance program or gross revenue insurance program..... | -38,822 | -24,979 |
| Expenditures related to events occurring prior to April 1991..... | 3,387 | 3,646 |
| | 61,696,750 | 58,124,102 |
| Program spending subject to spending control (Note 4)..... | 97,221,264 | 102,660,727 |
| Spending limit for the year..... | 111,250,000 | 107,400,000 |
| Expenditures justified by current or future years' increases in revenues (Note 3)..... | 69,000 | 72,600 |
| Adjusted spending limit for the year..... | 111,319,000 | 107,472,600 |
| Underspending for the year..... | -14,097,736 | -4,811,873 |

The accompanying notes are an integral part of this statement.

Notes to the Statement by the Minister of Finance respecting compliance with the *Spending Control Act*

1. Authority and Objective

The statement is required by the *Spending Control Act* which received Royal Assent on June 18, 1992. Section 6 of the Act requires that for each controlled fiscal year, a statement by the Minister of Finance respecting compliance with this Act in that year, be reported in the *Public Accounts of Canada*. This Act covers fiscal years 1991-92 to 1995-96 inclusive.

The objective of the *Spending Control Act* is to ensure that the program spending over the 1991-92 to 1995-96 fiscal years will not, except under prescribed circumstances, exceed the limits established in the Act.

2. Significant Accounting Policies

Expenditures are generally recorded on the accrual basis of accounting and conform to the amounts reported in the Statement of Revenues and Expenditures of the Government of Canada.

3. Spending Limit of the Fiscal Year

Pursuant to section 4 of the *Spending Control Act*, the spending limit for a fiscal year can be modified. In compliance with this section, the President of the Treasury Board may certify that a proposed increase in expenditures for a specific program is justified by reasons of good management. This situation applies only when an increase in expenditures results in an equivalent increase in revenues that would not otherwise occur. An increase in expenditures of \$69 million (\$72.6 million in 1994-95) was proposed pursuant to section 4.

4. Legislative Changes Affecting Reported Program Spending

In 1993, changes in legislation affected certain expenditures for employee pensions and the family allowances benefit program which were controlled under the *Spending Control Act*. The spending limits were not adjusted to reflect these legislative changes. Had the spending limits for 1996 and 1995 been adjusted downwards, there would have been underspending of approximately \$10,593 million in 1995-96 (\$1,177 million in 1994-95).

**OPINION OF THE AUDITOR GENERAL
ON THE
STATEMENT OF TRANSACTIONS OF THE
DEBT SERVICING AND REDUCTION ACCOUNT**

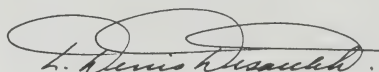
To the House of Commons

I have audited the statement of transactions of the Debt Servicing and Reduction Account for the year ended March 31, 1996. This financial statement is the responsibility of the Government. My responsibility is to express an opinion on this financial statement based on my audit, as required by section 9 of the *Debt Servicing and Reduction Account Act*.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting policies used and significant estimates made by the Government, as well as evaluating the overall financial statement presentation.

In my opinion, this financial statement presents fairly, in all material respects, the transactions of the Debt Servicing and Reduction Account for the year ended March 31, 1996 in accordance with the *Debt Servicing and Reduction Account Act* and the stated accounting policies of the Government of Canada as set out in Note 2 of the financial statement. As required by section 9 of the *Debt Servicing and Reduction Account Act*, I also report that, in my opinion, these stated accounting policies have been applied, in all material respects, on a basis consistent with that of the preceding year.

Additional information and comments on the financial statement and this opinion are included in my observations at the end of this section.



L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
July 22, 1996

**Debt Servicing and Reduction Account
Statement of Transactions
for the Year Ended March 31, 1996**
(in thousands of dollars)

| | 1996 | 1995 |
|---|------------|------------|
| Goods and services tax received | 38,048,138 | 36,715,363 |
| Less: Refunds | 16,481,988 | 14,787,437 |
| Rebates | 1,531,333 | 1,447,419 |
| GST paid by ministries | 861,488 | 878,762 |
| Quarterly tax credits | 2,798,941 | 2,815,612 |
| | 21,673,750 | 19,929,230 |
| Net goods and services tax | 16,374,388 | 16,786,133 |
| Penalties and interest received | | |
| for goods and services tax | 134,944 | 129,348 |
| Gain on disposal of investments (Note 3) | 325,000 | |
| Gifts to the Crown | 264 | 474 |
| Proceeds credited to the Account | 16,834,596 | 16,915,955 |
| Public debt expenditures charged to the Account | | |
| Public debt expenditures chargeable to the Account (Note 4) | 35,291,501 | 31,369,738 |
| Less amount in excess of the Account's balance ⁽¹⁾ | 18,456,905 | 14,453,783 |
| | 16,834,596 | 16,915,955 |
| Account balance, end of year | NIL | NIL |

The accompanying notes are an integral part of this statement.

⁽¹⁾ Public debt expenditures chargeable to the Account exceeded the amount available in the Account balance for these charges. Under these circumstances, only the amount necessary to bring the Account balance to nil is charged to the Account as required under section 6 of the *Debt Servicing and Reduction Account Act*.

Notes to the Statement of Transactions of the Debt Servicing and Reduction Account

1. Authority and Objective

On June 18, 1992, the *Debt Servicing and Reduction Account Act* received Royal Assent. Section 8 of the Act requires that the *Public Accounts of Canada* for the 1991-92 and each subsequent year contain a statement setting out the transactions in that year with respect to the Debt Servicing and Reduction Account.

The objective of the *Debt Servicing and Reduction Account Act* is to apply certain Government revenues against charges associated with the public debt. These revenues include goods and services tax (GST), certain gains on disposals of investments in Crown corporations, and gifts to the Crown. The transactions recorded in the Account have been paid into or charged against the Consolidated Revenue Fund, and the Account is consolidated in the summary financial statements of the Government.

2. Significant Accounting Policies

i. Goods and services tax (GST)

The Government generally reports the GST in the year in which it is received.

The GST refunds and rebates are allocated to the year in which they are paid. The GST quarterly tax credits are charged in the first month of the quarter to which they relate. GST rebates are reported net of GST collected by claimants.

ii. Other amounts credited to the Account

Gain on sale of shares in Crown corporations, gain on disposal of shares or interest on wind-up of Crown corporations and gifts to the Crown are reported in the year in which the transactions or events that give rise to these revenues occur.

iii. Public debt expenditures charged to the Account

Public debt expenditures include costs incurred by the Government during the year in servicing, issuing, repayment, discharge or settlement of a debt, under the authority of a *Borrowing Authority Act*.

3. Gain on Disposal of Investments

In 1995-96 the Government sold its total investment in the Canadian National Railway Company (CN) and has also sold a major portion of its investment in Petro-Canada.

The sale of CN, net of allowances of \$1,022 million charged to previous years' deficits resulted in a net gain of \$171 million. The sale of Petro-Canada, net of allowances of \$1,481 million charged to previous years' deficits resulted in a net gain of \$154 million.

4. Public Debt Expenditures Chargeable to the Account

Public debt expenditures chargeable to the Account are calculated as follows:

| | (in thousands of dollars) | |
|---|---------------------------|------------|
| | 1996 | 1995 |
| Public debt charges | 46,905,395 | 42,045,877 |
| Less: amounts unrelated to a | | |
| <i>Borrowing Authority Act—</i> | | |
| Interest on unmatured debt ⁽¹⁾ | 379,091 | 359,597 |
| Interest on pension and other | | |
| accounts | 11,234,803 | 10,316,542 |
| Public debt expenditures | | |
| chargeable to the Account | 35,291,501 | 31,369,738 |

⁽¹⁾ Interest on unmatured debt is related to special non-marketable bonds held by the Canada Pension Plan Investment Fund.

SUPPLEMENTARY INFORMATION
OBSERVATIONS BY THE AUDITOR GENERAL
ON THE
FINANCIAL STATEMENTS OF THE GOVERNMENT OF CANADA, THE
STATEMENT REQUIRED UNDER THE *SPENDING CONTROL ACT* AND THE
STATEMENT OF TRANSACTIONS OF THE DEBT SERVICING AND
REDUCTION ACCOUNT

Introduction

In these observations, I report on a number of issues that relate to the Government's financial statements and my audit of them. Each part of the observations begins with a brief overview.

The first part of Section 1 of Public Accounts Volume I comprised the Financial Statements of the Government of Canada for the year ended March 31, 1996 and my audit opinion on them. The mandate for my audit of these statements is contained in section 6 of the *Auditor General Act*. Also included in the first part were two supplementary statements and my audit opinion on each: the Statement Required under the *Spending Control Act* and the Statement of Transactions of the Debt Servicing and Reduction Account. The mandate for my audit of these statements is contained, respectively, in section 8 of the *Spending Control Act* and in section 9 of the *Debt Servicing and Reduction Account Act*.

In this second part of Section 1, my observations, I report on the recording of transitional assistance for harmonizing the goods and services tax with provincial sales taxes. As well, I comment on specific accounting matters that require continuing attention in future years. I also explain in more detail the meaning of my audit opinions on the three sets of financial statements in this Section, how I arrived at the opinions and what they provide to users. Finally, in my concluding remarks, I discuss three key attributes of the financial statements: understandability, credibility and usefulness.

I believe that including these observations in the *Public Accounts of Canada* will help parliamentarians and other users to obtain a more complete understanding of the Government's financial statements and my audit of them.

**Recording of Transitional Assistance for
Harmonizing GST and PST**

The inclusion of transitional assistance of \$961 million in the 1996 deficit and accumulated deficit represents a departure from both sound accounting practice and the Government's own accounting rules. In my opinion, the transitional assistance of \$961 million should be included in the deficit subsequent to the 1995-96 fiscal year. Failure to comply with generally accepted practices resulted in an overstatement of the annual deficit and accumulated deficit of \$961 million. Although this misstatement did not result in a reservation in my opinion on the financial statements because of the compensating effect of other factors, it constitutes a serious matter that I believe should be brought to Parliament's attention.

Background

In 1994, the Government began a series of discussions with provinces to streamline and simplify the operation of Canada's value-added tax system. The proposal was to harmonize the federal goods and services tax (GST) with provincial sales taxes (PST). In late March of 1996, the Government made a formal offer to the provinces of Newfoundland and Labrador, Nova Scotia and New Brunswick, to provide transitional assistance totalling \$961 million, payable when they entered into a detailed agreement with the Government to harmonize their PST with the GST. In early April, the three provinces agreed to continue negotiations and memoranda of understanding (MOUs) were signed. The MOUs called for agreements to be negotiated and in place within six months, for enabling legislation to be enacted by Parliament and each provincial legislature and for harmonization to commence on April 1, 1997. The amount of transitional assistance was based on a formula and officials advise that it is not subject to revision. As disclosed in Note 4(v), the transitional assistance of \$961 million has been recorded as a liability at March 31, 1996 and has been recorded as an expenditure and resultant increase in the deficit for the 1995-96 fiscal year.

At the time of writing these observations, negotiations were continuing between the three provinces and the Government. Matters outlined in the MOUs were still under discussion such as the definition of the common tax base, mechanisms to tax interprovincial transactions, and the appropriate number of provincial employees that would be employed by the Government to administer the harmonized taxes. In addition, although federal legislation to authorize the transitional assistance of \$961 million was tabled in Parliament on April 23, 1996 and received Royal Assent on June 20, 1996, enabling legislation for the three provinces had not been introduced in their respective legislatures.

Is the \$961 million transitional assistance a liability at March 31, 1996?

As stated in Note 1 to the financial statements, *"Financial obligations... are recorded as liabilities if the underlying event occurred prior to or at year end."* Note 1 also states that *"Transfer payments are recorded as expenditures when paid or when the recipient has fulfilled the terms of a contractual transfer agreement."*

These accounting policies are consistent with generally accepted accounting practices for governments in Canada as enunciated by the Canadian Institute of Chartered Accountants' Public Sector Accounting and Auditing Board (PSAAB). In this respect, PSAAB recommends: *"Government transfers should be recognized in a government's financial statements as expenditures... in the period that the events giving rise to the transfer occurred, as long as:*

- (a) the transfer is authorized;*
- (b) eligibility criteria, if any, have been met by the recipient; and*
- (c) a reasonable estimate of the amount can be made."*

In the case of transitional assistance for the harmonization of GST and PST, I believe strongly that eligibility criteria had not been met by the three provinces by March 31, 1996 and that, accordingly, the \$961 million of compensation should not have been recorded in the accounts at that time. In my view, eligibility criteria will not be met until the agreements to harmonize are negotiated, signed and in place. Although the Government is committed to compensating the provinces once agreements are signed, the \$961 million is not payable until the agreements are signed.

Therefore, in accordance with its own accounting policies and the standards enunciated by PSAAB, the \$961 million in transitional assistance offered to the three provinces for harmonization of GST and PST is a commitment and not an amount payable or liability, at March 31, 1996. Generally accepted accounting practices for governments requires that commitments be reported in notes to financial statements but not charged to the accounts and included in the reported deficit. Similar rules apply in the business world.

Why have the Government and the Auditor General not resolved this issue?

I have listened carefully to the Government's rationale for recording this amount as a liability in 1995-96. On several occasions, I have met with the Comptroller General and the Deputy Minister of Finance to seek out solutions to the issue. In our meetings, these officials advised that the offers of transitional assistance came only after extensive negotiations with the three provinces during the fiscal year. Further, they advised that the MOUs were only sent to these provinces because they had agreed, prior to March 31, 1996, on all of the essential elements of harmonization as contained in the MOUs. Their view, therefore, is that the transitional assistance fully meets the criteria set out and that the Government should record this liability in the annual deficit and accumulated deficit.

As outlined in the preceding paragraphs, I have explained clearly why this rationale is inappropriate and I have supported my explanations with reference to the Government's own accounting policies, PSAAB's recommendations and comparable practice in the private sector. Despite these discussions, the Government has nonetheless decided to record the \$961 million as a liability and a charge to the deficit in these financial statements.

Why has the Auditor General not raised this issue in his opinion on the Government's 1995-96 financial statements?

As explained further on in these observations, my audit opinion contains my overall conclusions on several matters, including whether the statements present information fairly, in all material respects. By "material", I mean the probability that the aggregate of all misstatements would change or influence the decision of a person who was relying on the financial statements and who had reasonable knowledge of the Government and its activities.

The Government's 1995-96 deficit amounted to \$28.6 billion and its accumulated deficit at March 31, 1996 amounted to \$574 billion. After considering other factors that, in some cases, have the opposite impact on the deficit, I have concluded that these 1995-96 financial statements are not materially misstated. I have therefore not included this matter as a reservation in my opinion on those statements.

However, I have included this discussion in these observations because I firmly believe that one of my principal roles is to advocate the integrity of the process used to prepare the Government's financial statements. I believe that the current accounting for harmonization of GST and PST impairs the integrity of this process, and it is therefore incumbent on me to bring this to Parliament's attention.

Matters Requiring Continuing Attention

Accounting for employee pensions

Although the Government accounts for employee pensions in accordance with its stated accounting policies and related legislation, Government actuaries estimate the actuarial obligation for employee pensions at \$87 billion which is significantly lower than the \$108 billion liability shown in the Statement of Assets and Liabilities. This difference is growing from one year to the next, but could likely be reduced if the Government complied fully with generally accepted accounting practices enunciated by PSAAB. In my view, the Government should re-examine carefully its accounting for employee pensions in light of PSAAB's recommendations and the legislative requirements for operating its employee pensions.

As described in Note 7 to the financial statements, the actuarial obligation for the Government's employee pensions was estimated at \$87 billion at March 31, 1996 (\$82 billion at March 31, 1995). The employee pension liability reflected in the Government's Statement of Assets and Liabilities at March 31, 1996, was \$108 billion (\$101 billion at March 31, 1995). Under generally accepted accounting practices, it is not unusual for these amounts to be different, but this difference of \$21 billion (\$19 billion at March 31, 1995) is growing and will likely continue to grow under current economic conditions.

There are many reasons for this difference between the \$87 billion actuarial obligation and the \$108 billion liability reported in the Statement of Assets and Liabilities. One such reason is the way in which the pension interest expenditure is calculated. These are unfunded pensions, and pension interest must be calculated annually on the Government's obligations. For accounting purposes, the Government calculates this interest in compliance with the legislation governing the various employee pensions. The amount required by the legislation is higher than the interest calculated on the actuarial obligation.

As a consequence, a large difference emerges each year between the pension interest that accrues on the actuarial obligation, and the pension interest calculated in accordance with the relevant legislation. This is one reason for the annual growth in the difference between the actuarial obligation and the liability reported on the Statement of Assets and Liabilities. PSAAB recommends that for accounting purposes, pension interest should be calculated on the actuarial obligation. Over time, this method of accounting would reduce the \$21 billion difference between the actuarial obligation and the liability reported in the Statement of Assets and Liabilities.

I believe the Government should re-examine carefully its accounting for employee pensions in light of PSAAB's recommendations and the legislative requirements for operating its employee pensions. I have discussed my concerns with Government officials and they have advised me that they have commenced a full examination of the issue, as part of their overall examination of employee pension reform, on a priority basis.

Full accrual accounting for capital assets

Present accounting rules allow programs to be charged with the cost of capital assets only when acquired. The Government intends to introduce an accounting policy that would charge programs with the cost of capital assets when used. I support the move to better accounting for capital assets at the program level and I encourage compliance with generally accepted accounting practices when reporting them at the summary level.

As stated in Note 1 to the financial statements, “*The costs of acquiring land, buildings, structures, equipment and other capital property are recorded as expenditures at the time of acquisition or construction.*” However, in his March 1996 Budget, the Minister of Finance announced the Government’s intention to change its accounting for capital assets, beginning the transition to full accrual accounting, starting in 1997-98. Under full accrual accounting, the costs of acquiring capital property are recorded as assets, and are charged to operations in any one year only to the extent that the assets were used in that year (or became obsolete). To illustrate, a \$100 million capital asset with a useful life of 10 years would be charged to operations (included in the deficit) at the rate of \$10 million per year over the next decade; under the Government’s present accounting rules, the full \$100 million cost of the asset is included in expenditures of the year in which it is acquired.

Recently, there have been two important developments related to the accounting for capital assets:

- During the year, the Treasury Board Secretariat issued a proposed policy on accounting for capital assets. It was developed by an interdepartmental committee chaired by the Secretariat and was circulated to all departments. Responses from departments on the proposed policy are currently being examined by the Secretariat.
- In June 1996, PSAAB approved for public comment an Exposure Draft that proposes how federal and provincial governments in Canada should account for and report tangible capital assets.

I believe that if the Government implements full accrual accounting for capital assets in an appropriate way, it will improve both management discipline within departments and accountability reporting by departments to Parliament. Last year I discussed several suggestions for the Government to consider in order to avoid the pitfalls that can accompany such a major change in accounting policy. I set these out below, together with how the Government is addressing them, given the two recent developments described above.

Full accrual accounting for capital assets should be implemented at the departmental level, not just at the summary level. The proposed policy on accounting for capital assets is directed to all departments and is not simply intended for summary level reporting purposes.

The Government’s appropriation process should be harmonized with full accrual accounting for capital assets. The Government is reviewing options of how this can be done.

Stringent rules for depreciating and valuing capital assets should be developed and implemented to avoid manipulation of reported results. The proposed policy on accounting for capital assets includes stringent policy requirements and guidelines that should guard against excessive use of judgment and the possibility of manipulation.

The potentially adverse behavioral aspects of accrual accounting for capital assets should be considered carefully and avoided. PSAAB’s exposure draft calls for a method of reporting that would avoid conclusions that the Government’s financial position will improve because additional assets appear in the Statement of Assets and Liabilities. Government officials advise that they will adopt the method of reporting recommended by PSAAB.

Certain of the Government's capital assets may require special consideration. The proposed policy on accounting for capital assets includes consideration of the concerns I raised last year and is generally consistent with PSAAB's proposed treatment in this area.

In summary, I am encouraged by the Government's efforts in this area. I believe the Government should continue to follow PSAAB's recommendations as they evolve.

Accrual accounting for tax revenue

Although the cash basis of reporting tax revenues is relatively simple, it may not provide a consistent display of revenues from one year to the next. For example, a speeding up of the processing of income tax refunds could significantly decrease reported tax revenues. As part of the process of moving towards accrual accounting as it applies to tax revenues, Government officials are in the process of updating the accounting systems and practices of Revenue Canada.

As stated in Note 1 to the financial statements, "The Government generally reports tax revenues in the period in which they are received." However, in the March 1996 Budget, the Minister of Finance indicated that the Government would begin the transition to accrual accounting starting in 1997-98. This would result in revenues and expenditures being recognized on accounting bases that are more comparable. It would also help avoid distortions in reported tax revenues resulting from such things as the speeding up of the processing of income tax refunds.

Full implementation of this change in accounting represents a significant challenge for the Government, as most systems at Revenue Canada are designed for a cash basis of accounting. Revenue Canada and the Treasury Board Secretariat are developing an accounting policy and a practical tax accrual methodology. Significant work still needs to be done, principally in refining the methodology and analyzing the results in a very short time period. Given the potentially extensive work needed to modify systems to provide accrual information, I would encourage the Government to take the time necessary to ensure the integrity and auditability of that information.

Accounting for environmental liabilities and contingencies

Environmental liabilities of the Government are likely quite significant. However, the Government has not recognized such liabilities in its financial statements because of uncertainties in defining and estimating them. In my view, steps can and should be taken now to provide a more complete picture of environmental liabilities and costs in the financial statements.

Last year, the Government took a significant step forward in strengthening disclosure by reporting potential environmental liabilities of \$2.8 billion in Note 16 (Note 15 in 1995-96). This amount was by no means a complete estimate of all the significant potential environmental liabilities of the Government at the end of the year. This amount and the format of Note 15 remain unchanged this year. I encourage the Government to continue its efforts to quantify at the earliest possible date the full extent of such potential liabilities. I also encourage the Government to begin developing an appropriate methodology for determining when these potential liabilities become actual liabilities that should be recorded in the Statement of Assets and Liabilities, rather than just being disclosed in the notes.

Last year, I proposed as an interim solution, that the Government should take additional steps to improve disclosure in this area. Specifically, I called for disclosure to assist readers of the financial statements in reaching a clearer understanding of the uncertainties inherent in the process of measuring environmental liabilities and contingencies. Note 15 states that "*The determination of these costs will be subject to and depend on evolving public policy, legislation, and results of the search for long-term cost-effective waste disposal solutions.*" Note disclosure should elaborate upon this statement, as well as provide information about the anticipated resolution of uncertainties.

I discussed five steps last year that I believed the Government should take to provide a more complete accounting and reporting of its environmental liabilities and contingencies over the longer term. I set these out below together with action the Government is taking to address them.

The Government should develop policies to define clearly what constitutes environmental matters and the liabilities (both potential and actual) that relate to these matters. In July 1995, the Contaminated Sites Management Working Group (CSMWG), comprising departmental representatives, was established to help develop a common federal approach to dealing with contaminated sites under federal custody. The Working Group has identified major topics to be addressed. In May 1996, a senior level sub-committee of the Environmental Accountability Partnership was created to address the task of developing common practices and approaches to dealing with contaminated sites.

The Government should prepare a complete inventory of areas of federal responsibility, where there are obligations to make significant future expenditures to clean up environmental damage. Progress toward this goal is being made in government departments, although some departments are more advanced than others.

The extent to which the Government, the provinces, or the private sector or some combination of the three bears responsibility for the cost of environmental clean-up in these areas should be determined. This will need to be resolved once a complete inventory has been prepared and sooner on priority clean-ups.

Methodology should be developed to determine when potential environmental liabilities become actual liabilities. The Government has made little progress in the last year.

Accounting and reporting policies should be developed to provide for enhanced note disclosure of environmental contingencies and the recording of environmental liabilities that have become actual liabilities. The Government has made little progress in the last year. However, the Government has acknowledged in its proposed policy on accounting for capital assets, that departments will have to account for environmental liabilities in the implementation of the policy.

In 1996, my Office has been working on an audit and its report chapter entitled, "Federal Contaminated Sites: Management Information on Environmental Costs and Liabilities". The report chapter on the results of this audit, to be released in November 1996, will look at the environmental policies and practices of departments with moderate to high environmental risk. The chapter will comment further on the progress being made by the Government in the environmental area.

In its March 1996 Budget, the Government stated that it is in the process of developing a policy with regard to its environmental liabilities. I will continue to monitor and comment on the Government's progress in this area in future years.

Enterprise Crown corporations

The Government has announced its intention to adopt PSAAB's recommendations that require profits or losses reported by enterprise corporations during any one year to be automatically included in the deficit of that year.

I was pleased to see the Government's commitment in the March 1996 Budget to consider adopting PSAAB's recommendations. This will overcome a significant and long-standing departure from generally accepted accounting practices for governments. It will also eliminate the need for the stop-gap approach used in recent years to include corporate profits or losses in the deficit.

My Audit Opinions:

What They Mean, How I Arrived at Them, and What They Provide

It is important to realize that, in giving my opinions on the financial statements in this Section, I am not guaranteeing their absolute accuracy. What I am saying, however, is that the financial statements, taken as a whole, do not contain material (significant) misstatements. Readers are therefore entitled to conclude that the deficit is \$28.6 billion as shown, plus or minus reasonable tolerances.

What my audit opinions mean

This section of my observations discusses in more detail the messages that I convey through my audit opinions. To understand those opinions properly, the reader should review carefully each paragraph, each year. It is inadvisable to assume that my opinions remain the same from one year to the next. Each of the audit opinions consists of three paragraphs:

The introductory paragraph. The introductory paragraph begins by listing the financial statements covered by my opinions. It is important to note that my audit opinions relate only to the financial statements and related notes contained in Section I of Volume I of the *Public Accounts of Canada*. They do not extend to the more detailed information presented in other sections of Volume I, or to Volume II.

The introductory paragraph concludes by confirming that the financial statements are the responsibility of the Government, and that my responsibility is to form an opinion on the financial statements.

The scope paragraph. In this paragraph, I state that my audit work on the Government's financial statements has been conducted according to generally accepted auditing standards. These standards are prescribed by the Canadian Institute of Chartered Accountants, and I use them to ensure that my audit is conducted with appropriate rigor and professionalism.

In the scope paragraph, I also indicate that I perform my audit procedures to assess whether the financial statements are free of material misstatement. I discuss the concept of materiality below.

Further, I also explain that my audit includes assessing the reasonableness of significant estimates made by the Government. There is a good deal of judgment required in preparing and auditing summary financial statements for an entity the size of the Government of Canada. Many of the significant amounts reported in the financial statements, such as allowances for valuation of various assets and liabilities, are based on estimates made by the Government. These amounts are inherently imprecise. When considering whether misstatements exist in them, I determine for each a range of values that I believe would be reasonable. If the balance of the account as determined by the Government falls within my range, I conclude that the specific estimate is not misstated.

Finally, I make reference in the scope paragraph to the fact that an audit also includes assessing the appropriateness of the accounting policies used by the Government and evaluating the overall presentation of the financial statements. To make this assessment, there must be standards against which my judgments can be made. The standards that I continued to use this year were the Government's own stated accounting policies, pertinent legislation and certain recommendations of PSAAB.

The opinion paragraph. It is important to note that my opinions are not statements of fact; rather, they are expressions of my professional judgment. The opinion paragraph contains my overall conclusions about several important matters. For the financial statements of the Government of Canada, these matters are:

- whether the statements present information fairly in all material respects;
- whether the statements were prepared in accordance with the Government's stated accounting policies; and
- whether the stated accounting policies were applied on the same basis as in the preceding year.

For the Statement Required under the *Spending Control Act* and the Statement of Transactions of the Debt Servicing and Reduction Account, my conclusions also relate to an additional matter: whether the statements present information in accordance with the Acts that create them.

How I arrive at my opinions

With all of this in mind, if I conclude that, in the aggregate, the financial statements are free of material misstatement, I report that information is "presented fairly". If I conclude that the statements are materially misstated, I report that they do not present fairly and add supporting reservations to explain why.

The aggregate of all misstatements in the financial statements is considered material if, in the light of surrounding circumstances, it is probable that the misstatements would change or influence the decision of a person who was relying on the financial statements and who had reasonable knowledge of the Government and its activities. I will include a reservation in my audit opinion if I believe that the aggregate of all the misstatements in the financial statements would mislead the users relying on them. As I mentioned earlier, the Government decided to include in its 1995-96 results a liability relating to the harmonization of GST with PST. Although this was not in accordance with the Government's own stated accounting policies, when considered together with other compensating misstatements, I was able to conclude that the statements as a whole were presented fairly.

In addition, in all of my audit work on these financial statements I also take into account the basic requirement that the Government comply with parliamentary authorities to spend, borrow and raise revenues.

Before commencing my audits, I consider the dollar magnitude (materiality) of misstatements in the financial statements that I believe would influence the decisions of users. This dollar amount is then used in determining the nature, extent and timing of the audit work required. I base this amount on the total expenditures of the Government. For this year's audit of the three sets of financial statements, I have set materiality at slightly more than one half of one percent of total gross expenditures of \$171 billion.

In my audit opinions, I do not say that the financial statements are "correct". The nature and extent of my audit work cannot be designed in any reasonable way to reach such a conclusion. The size and complexity of the Government make it impractical for me to examine all or even most of the individual transactions entered into during the year.

To be in a position to render my audit opinions, generally accepted auditing standards require that I have "reasonable assurance" that my audits will reveal misstatements aggregating to more than the predetermined materiality levels. In planning my audits, I accept some small amount of risk that my audit procedures will not provide absolute assurance that the financial statements are not materially misstated. I accept this minimal risk because it is cost-effective to do so. However, in conducting my audits, I have performed specific audit procedures that reduce this risk to a level that I consider acceptable. These include, for example, testing a sample of transactions and account balances, performing analyses, confirming year-end balances with third parties and, where considered necessary, reviewing significant internal controls.

What my audits provide

In describing what my audit opinions provide to readers, it is important to highlight what the opinions do not do. My audit opinions do not address the issue of economical, efficient and effective use of resources by the Government. That is something we do separately from our audit of the Government's financial statements.

In addition, my audits of the Government's financial statements were neither extensive enough nor specifically designed to provide assurance on the integrity of each of the Government's many and varied systems of internal control and compliance with spending limits in each of the Government's several hundred individual appropriations. However, additional work in each of these areas is conducted by my Office on a cyclical basis in departments and agencies. I consider all of this work in developing my opinions on the Government's financial statements. If issues are identified that I believe are significant to the users of the financial statements, I will mention them in my opinions or in these observations. Although some serious issues of internal control and compliance with authority were identified, none of these require mention in the context of my opinions on the financial statements or in these observations. Those results of my work are included in my periodic and annual reports to the House of Commons.

Conclusion

I continue to believe strongly that the Government's financial statements must be credible, understandable and useful. A continuing challenge for the Government is to maintain the credibility of the summary numbers to ensure that they are useful to members of Parliament as they develop proposals to reshape Government in this era of fiscal restraint.

For many years, I have stressed the importance of credible and understandable summary financial statements. As a legislative auditor, I consider my role in ensuring the credibility and understandability of the Government's financial statements to be one of the most important parts of my mandate. But I am also concerned about whether the information I audit is actually useful to Parliament, to the Government and to Canadians as they consider how best to reshape Government in this era of fiscal restraint.

By credible, I mean that the information portrayed in financial statements should reflect financial realities through the consistent application of generally accepted accounting practices for governments as enunciated by PSAAB. As described in these observations, my audit has been designed to ensure that the Government's financial statements reflect financial realities and, in all material respects, the financial statements presented in this section do.

By understandable, I mean that the Government's financial reports should be concise, succinct and crafted in a way that Canadians can understand. The understandability of the financial statements in this Section has improved significantly over the years. In addition, the Government's Annual Financial Report, introduced for the first time in 1993-94, summarizes in a concise and readable form condensed financial information about the Government's overall financial situation.

Since becoming Auditor General of Canada, I have made it a practice to come back on a continuous basis to the theme of the usefulness of the Government's summary numbers. The financial statements in this Section, and the Annual Financial Report, are the starting point of that process. They provide audited and thus credible information on the total stock of liabilities, financial assets, revenue and expenditure flows, the sources and uses of cash, commitments and potential liabilities flowing from existing contingent situations. All of this information should be presented in a manner that is understandable to, and facilitates careful consideration by, members of Parliament and others who are charged with the task of developing proposals to reshape Government as part of the Budget consultation process.

In chapter 9 of my October 1995 Report, I discussed how the Government's summary numbers can be used to understand more clearly the significant implications and choices that Canadians face with respect to the Government's massive accumulated debt. In March 1996, the Standing Committee on Public Accounts met to review the 1994-95 audited financial statements. I am sure that members of the Committee found the discussion valuable in enhancing their understanding of the Government's summary numbers. I am hopeful that such a review will continue on a regular basis.

In summary, we are indeed fortunate to have credible financial statements of the Government that, overall, are presented in a highly understandable form and that are starting to be used to help make the difficult choices we face. A continuing challenge for the Government will be to maintain the credibility of the summary numbers so that they will continue to be used in this important way.

SECTION 2

1995-96

PUBLIC ACCOUNTS OF CANADA

Supplementary Financial Information

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SUPPLEMENTARY FINANCIAL INFORMATION

Introduction

This section provides a ten year comparative summary of the Government's financial transactions, both on the public accounts basis and on the national accounts basis. The public accounts presentation reflects the accounting policies explained in Note 1 to the audited financial statements in Section 1 of this volume. The national accounts presentation is designed primarily to facilitate economic analysis of the federal Government sector on a basis consistent with that used in measuring income and expenditure flows in the economy.

Public accounts presentation

The "Summary Statement of Transactions" (Table 2.1) provides aggregate data on the major categories of transactions under four main headings: budgetary, non-budgetary, foreign exchange and unmatured debt. The resulting cash position at the end of each year is also shown.

TABLE 2.1
GOVERNMENT OF CANADA
PUBLIC ACCOUNTS PRESENTATION
SUMMARY STATEMENT OF TRANSACTIONS ⁽¹⁾
(in millions of dollars)

| | Year ended March 31 | | | | | | | | | |
|---|---------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 |
| Budgetary transactions | | | | | | | | | | |
| Revenues | 85,931 | 97,612 | 104,067 | 113,707 | 119,353 | 122,032 | 120,380 | 115,984 | 123,323 | 130,301 |
| Expenditures | -116,673 | -125,406 | -132,840 | -142,637 | -151,353 | -156,389 | -161,401 | -157,996 | -160,785 | -158,918 |
| Deficit for the year | -30,742 | -27,794 | -28,773 | -28,930 | -32,000 | -34,357 | -41,021 | -42,012 | -37,462 | -28,617 |
| Non-budgetary transactions | | | | | | | | | | |
| Loans, investments and advances | 1,335 | 1,127 | 897 | 995 | 291 | -233 | 592 | 581 | -65 | 2,668 |
| Pension and other accounts | 5,271 | 5,716 | 5,617 | 6,786 | 7,030 | 5,724 | 5,997 | 6,242 | 8,659 | 7,646 |
| Other transactions | 1,218 | 2,102 | -165 | 619 | 141 | -2,934 | -65 | 5,339 | 3,026 | 1,120 |
| Net source | 7,824 | 8,945 | 6,349 | 8,400 | 7,462 | 2,557 | 6,524 | 12,162 | 11,620 | 11,434 |
| Financial requirements (excluding foreign exchange transactions) ⁽³⁾ | -22,918 | -18,849 | -22,424 | -20,530 | -24,538 | -31,800 | -34,497 | -29,850 | -25,842 | -17,183 |
| Net source from foreign exchange transactions⁽²⁾ | -6,390 | -7,149 | -5,730 | -697 | -4,895 | 941 | 7,713 | 3,131 | 4,828 | -4,816 |
| Total financial requirements ⁽³⁾ | -29,308 | -25,998 | -28,154 | -21,227 | -29,433 | -30,859 | -26,784 | -26,719 | -21,014 | -21,999 |
| Net source from unmatured debt transactions⁽²⁾ | 29,182 | 22,913 | 28,454 | 20,906 | 30,490 | 29,064 | 28,891 | 25,975 | 20,770 | 28,661 |
| Change in cash in bank ⁽⁴⁾ | -126 | -3,085 | 300 | -321 | 1,057 | -1,795 | 2,107 | -744 | -244 | 6,662 |
| Cash in bank at beginning of year | 4,744 | 4,618 | 1,533 | 1,833 | 1,512 | 2,569 | 774 | 2,881 | 2,137 | 1,893 |
| Cash in bank at end of year | 4,618 | 1,533 | 1,833 | 1,512 | 2,569 | 774 | 2,881 | 2,137 | 1,893 | 8,555 |

Details can be found in other sections of this volume.

⁽¹⁾ Consistent with the Statement of Transactions in Section 1 of this volume.

⁽²⁾ The change in unmatured debt payable in foreign currencies, -\$112 million in 1996 (\$6,253 million in 1995), has been included as part of foreign exchange transactions.

⁽³⁾ Cash requirements (-)

⁽⁴⁾ Cash decrease (-)

TABLE 2.2
GOVERNMENT OF CANADA
PUBLIC ACCOUNTS PRESENTATION
DETAILED STATEMENT OF REVENUE TRANSACTIONS
(in millions of dollars)

| | Year ended March 31 | | | | | | | | | |
|---|---------------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 |
| Tax revenues— | | | | | | | | | | |
| Income tax— | | | | | | | | | | |
| Personal | 37,878 | 45,125 | 46,026 | 51,895 | 57,601 | 61,222 | 58,283 | 51,427 | 56,329 | 60,167 |
| Corporation | 9,885 | 10,878 | 11,730 | 13,021 | 11,726 | 9,359 | 7,206 | 9,444 | 11,604 | 15,955 |
| Other income tax revenues | 1,499 | 1,369 | 1,843 | 1,587 | 1,651 | 1,534 | 1,462 | 1,593 | 1,769 | 2,105 |
| | 49,262 | 57,372 | 59,599 | 66,503 | 70,978 | 72,115 | 66,951 | 62,464 | 69,702 | 78,227 |
| Unemployment insurance premiums | 9,558 | 10,425 | 11,268 | 10,738 | 12,707 | 15,394 | 17,535 | 18,233 | 18,928 | 18,510 |
| Excise taxes and duties— | | | | | | | | | | |
| Goods and services tax | | | | | 2,574 | 15,168 | 14,868 | 15,696 | 16,786 | 16,375 |
| Energy taxes | 1,965 | 2,603 | 2,646 | 2,471 | 3,192 | 3,441 | 3,437 | 3,640 | 3,824 | 4,404 |
| Customs import duties | 4,187 | 4,385 | 4,521 | 4,587 | 4,001 | 3,999 | 3,811 | 3,652 | 3,575 | 2,969 |
| Other excise taxes and duties | 14,897 | 15,953 | 18,604 | 21,097 | 16,346 | 2,588 | 3,964 | 3,647 | 2,904 | 2,856 |
| | 21,049 | 22,941 | 25,771 | 28,155 | 26,113 | 25,196 | 26,080 | 26,635 | 27,089 | 26,604 |
| Total tax revenues | 79,869 | 90,738 | 96,638 | 105,396 | 109,798 | 112,705 | 110,566 | 107,332 | 115,719 | 123,341 |
| Non-tax revenues— | | | | | | | | | | |
| Return on investments— | | | | | | | | | | |
| Bank of Canada | 1,971 | 1,871 | 1,938 | 2,239 | 2,809 | 1,844 | 1,806 | 1,452 | 1,571 | 1,841 |
| Canada Mortgage and Housing Corporation | 866 | 853 | 845 | 822 | 772 | 753 | 800 | 719 | 706 | 680 |
| Farm Credit Corporation | 354 | 326 | 301 | 239 | 230 | 215 | 226 | 211 | 199 | 208 |
| Exchange Fund Account | 366 | 752 | 1,658 | 1,661 | 2,258 | 2,900 | 3,209 | 2,916 | 1,816 | 1,138 |
| Interest on bank deposits | 219 | 279 | 256 | 278 | 285 | 192 | 169 | 128 | 155 | 370 |
| Other return on investments | 479 | 656 | 549 | 611 | 453 | 617 | 628 | 716 | 574 | 238 |
| | 4,255 | 4,737 | 5,547 | 5,850 | 6,807 | 6,521 | 6,838 | 6,142 | 5,021 | 4,475 |
| Other non-tax revenues | 1,807 | 2,137 | 1,882 | 2,461 | 2,748 | 2,806 | 2,976 | 2,510 | 2,583 | 2,485 |
| Total non-tax revenues | 6,062 | 6,874 | 7,429 | 8,311 | 9,555 | 9,327 | 9,814 | 8,652 | 7,604 | 6,960 |
| Total net revenues | 85,931 | 97,612 | 104,067 | 113,707 | 119,353 | 122,032 | 120,380 | 115,984 | 123,323 | 130,301 |

TABLE 2.3
GOVERNMENT OF CANADA
PUBLIC ACCOUNTS PRESENTATION
DETAILED STATEMENT OF EXPENDITURE TRANSACTIONS
(in millions of dollars)

| | Year ended March 31 | | | | | | | | | |
|--|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 |
| Transfer payments— | | | | | | | | | | |
| Old age security benefits, guaranteed income supplement and spouse's allowance | 13,445 | 14,349 | 15,202 | 16,154 | 17,131 | 18,393 | 19,106 | 19,903 | 20,511 | 21,034 |
| Unemployment insurance benefits | 10,444 | 10,487 | 10,972 | 11,694 | 14,665 | 18,126 | 19,065 | 17,626 | 14,815 | 13,476 |
| Fiscal arrangements | 6,302 | 7,007 | 8,127 | 8,653 | 8,280 | 8,854 | 7,591 | 9,045 | 7,674 | 8,210 |
| Insurance and medical care | 6,607 | 6,558 | 6,678 | 6,663 | 6,033 | 6,689 | 8,307 | 7,232 | 7,691 | 7,115 |
| Canada Assistance Plan | 4,051 | 4,246 | 4,556 | 5,006 | 5,788 | 6,099 | 6,686 | 7,236 | 7,266 | 7,191 |
| Education support | 2,232 | 2,242 | 2,227 | 2,166 | 1,862 | 2,142 | 2,887 | 2,378 | 2,486 | 2,365 |
| Family allowances and Child tax benefits ⁽¹⁾ | 2,534 | 2,564 | 2,606 | 2,653 | 2,736 | 2,821 | 2,194 | 7 | | |
| Other transfer payments | 15,291 | 17,436 | 17,535 | 17,139 | 16,607 | 18,829 | 19,624 | 19,941 | 21,597 | 19,747 |
| Total transfer payments | 60,906 | 64,889 | 67,903 | 70,128 | 73,102 | 81,953 | 85,460 | 83,368 | 82,040 | 79,138 |
| Crown corporation expenditures | 4,936 | 5,872 | 4,772 | 5,237 | 5,713 | 5,252 | 6,219 | 5,298 | 5,003 | 4,321 |
| Other program expenditures— | | | | | | | | | | |
| National Defence | 9,695 | 10,337 | 10,700 | 11,249 | 11,518 | 10,901 | 10,939 | 11,282 | 10,693 | 9,935 |
| All other departments and agencies | 14,468 | 15,355 | 16,313 | 17,234 | 18,432 | 17,109 | 19,958 | 20,066 | 21,003 | 18,619 |
| Total other program expenditures | 24,163 | 25,692 | 27,013 | 28,483 | 29,950 | 28,010 | 30,897 | 31,348 | 31,696 | 28,554 |
| Total program expenditures | 90,005 | 96,453 | 99,688 | 103,848 | 108,765 | 115,215 | 122,576 | 120,014 | 118,739 | 112,013 |
| Public debt charges | 26,668 | 28,953 | 33,152 | 38,789 | 42,588 | 41,174 | 38,825 | 37,982 | 42,046 | 46,905 |
| Total net expenditures | 116,673 | 125,406 | 132,840 | 142,637 | 151,353 | 156,389 | 161,401 | 157,996 | 160,785 | 158,918 |

⁽¹⁾ The Child Tax Benefit Program was introduced in January 1993 to replace the Child Tax Credits and the Family Allowance Program.

TABLE 2.4
GOVERNMENT OF CANADA
PUBLIC ACCOUNTS PRESENTATION
STATEMENT OF ACCUMULATED DEFICIT
(in millions of dollars)

| | Year ended March 31 | | | | | | | | | |
|--|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 |
| Accumulated deficit—Beginning of year | 242,581 | 273,323 | 301,117 | 329,890 | 358,820 | 390,820 | 425,177 | 466,198 | 508,210 | 545,672 |
| Deficit for the year | 30,742 | 27,794 | 28,773 | 28,930 | 32,000 | 34,357 | 41,021 | 42,012 | 37,462 | 28,617 |
| Accumulated deficit—End of year | 273,323 | 301,117 | 329,890 | 358,820 | 390,820 | 425,177 | 466,198 | 508,210 | 545,672 | 574,289 |

TABLE 2.5
GOVERNMENT OF CANADA
PUBLIC ACCOUNTS PRESENTATION
STATEMENT OF ASSETS AND LIABILITIES
(in millions of dollars)

| | Year ended March 31 | | | | | | | | | |
|--|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 |
| LIABILITIES | | | | | | | | | | |
| CURRENT LIABILITIES AND ALLOWANCES— | | | | | | | | | | |
| Accounts payable and accrued liabilities | 7,486 | 9,441 | 10,113 | 11,348 | 11,192 | 11,297 | 10,832 | 14,646 | 18,390 | 19,276 |
| Interest and matured debt | 8,583 | 9,043 | 6,549 | 5,683 | 5,489 | 6,576 | 5,866 | 6,465 | 4,831 | 7,403 |
| Allowance for employee benefits | 2,350 | 2,500 | 4,300 | 4,200 | 3,950 | 3,050 | 3,285 | 3,555 | 3,910 | 4,290 |
| Allowance for loan guarantees and borrowings of Crown corporations | 2,655 | 3,320 | 3,615 | 4,000 | 4,170 | 4,020 | 4,555 | 4,930 | 5,540 | 5,440 |
| Total current liabilities and allowances | 21,074 | 24,304 | 24,577 | 25,231 | 24,801 | 24,943 | 24,538 | 29,596 | 32,671 | 36,409 |
| INTEREST-BEARING DEBT— | | | | | | | | | | |
| Unmatured debt— | | | | | | | | | | |
| Payable in Canadian currency— | | | | | | | | | | |
| Marketable bonds | 94,416 | 103,748 | 115,732 | 127,532 | 143,485 | 158,051 | 178,412 | 203,392 | 225,679 | 252,700 |
| Treasury bills | 76,950 | 81,050 | 102,700 | 118,550 | 139,150 | 152,300 | 162,050 | 166,000 | 164,450 | 166,100 |
| Canada saving bonds | 43,452 | 52,237 | 46,544 | 39,733 | 33,250 | 34,589 | 33,365 | 30,418 | 30,460 | 30,460 |
| Bonds for Canada Pension Plan | 1,796 | 2,492 | 3,005 | 3,072 | 3,492 | 3,501 | 3,505 | 3,497 | 3,488 | 3,478 |
| | 216,614 | 239,527 | 267,981 | 288,887 | 319,377 | 348,441 | 377,332 | 403,307 | 424,077 | 452,738 |
| Payable in foreign currencies | 11,997 | 11,282 | 8,320 | 5,675 | 4,526 | 3,444 | 5,409 | 10,668 | 16,921 | 16,809 |
| | 228,611 | 250,809 | 276,301 | 294,562 | 323,903 | 351,885 | 382,741 | 413,975 | 440,998 | 469,547 |
| Pension and other accounts— | | | | | | | | | | |
| Public sector pensions | 51,992 | 57,417 | 63,241 | 69,626 | 76,139 | 81,881 | 87,911 | 94,097 | 101,033 | 107,882 |
| Canada Pension Plan | 1,978 | 2,284 | 2,540 | 2,962 | 3,459 | 3,181 | 2,839 | 2,728 | 3,406 | 3,636 |
| Other | 3,453 | 3,438 | 2,975 | 2,954 | 2,974 | 3,234 | 3,543 | 3,710 | 4,755 | 5,322 |
| | 57,423 | 63,139 | 68,756 | 75,542 | 82,572 | 88,296 | 94,293 | 100,535 | 109,194 | 116,840 |
| Total interest-bearing debt | 286,034 | 313,948 | 345,057 | 370,104 | 406,475 | 440,181 | 477,034 | 514,510 | 550,192 | 586,387 |
| TOTAL LIABILITIES | 307,108 | 338,252 | 369,634 | 395,335 | 431,276 | 465,124 | 501,572 | 544,106 | 582,863 | 622,796 |
| ASSETS | | | | | | | | | | |
| CURRENT ASSETS— | | | | | | | | | | |
| Cash in bank | 4,618 | 1,533 | 1,833 | 1,512 | 2,569 | 774 | 2,881 | 2,137 | 1,893 | 8,555 |
| Cash in transit | 1,468 | 2,322 | 2,087 | 2,035 | 2,196 | 2,902 | 2,931 | 3,313 | 3,241 | 4,189 |
| | 6,086 | 3,855 | 3,920 | 3,547 | 4,765 | 3,676 | 5,812 | 5,450 | 5,134 | 12,744 |
| Less outstanding cheques and warrants | 2,870 | 2,723 | 2,369 | 2,546 | 4,022 | 2,695 | 3,228 | 4,015 | 3,751 | 3,700 |
| Total cash | 3,216 | 1,132 | 1,551 | 1,001 | 743 | 981 | 2,584 | 1,435 | 1,383 | 9,044 |
| Accounts receivable | 1,711 | 1,838 | 2,157 | 2,421 | 3,165 | 4,208 | 4,372 | 4,496 | 4,353 | 5,972 |
| Total current assets | 4,927 | 2,970 | 3,708 | 3,422 | 3,908 | 5,189 | 6,956 | 5,931 | 5,736 | 15,016 |
| FOREIGN EXCHANGE ACCOUNTS— | | | | | | | | | | |
| International reserves held in the Exchange Fund | | | | | | | | | | |
| Account | 8,212 | 14,779 | 17,422 | 15,393 | 19,066 | 17,148 | 10,879 | 13,156 | 14,356 | 18,908 |
| International Monetary Fund—Subscriptions | 4,936 | 5,038 | 4,534 | 4,474 | 4,565 | 4,797 | 7,599 | 8,443 | 9,433 | 8,580 |
| Less International Monetary Fund—Notes payable and special drawing rights allocations | 5,580 | 5,815 | 5,186 | 5,045 | 5,063 | 5,400 | 7,681 | 8,674 | 9,439 | 8,434 |
| Total net foreign exchange accounts | 7,568 | 14,002 | 16,770 | 14,822 | 18,568 | 16,545 | 10,797 | 12,925 | 14,350 | 19,054 |
| LOANS, INVESTMENTS AND ADVANCES— | | | | | | | | | | |
| Enterprise Crown corporations | 20,422 | 18,972 | 18,238 | 17,678 | 17,428 | 18,150 | 19,543 | 19,283 | 18,218 | 14,663 |
| Joint and mixed enterprises | 5,283 | 4,964 | 4,928 | 4,461 | 4,461 | 4,461 | 4,374 | 4,374 | 4,374 | 1,300 |
| National governments including developing countries | 4,404 | 4,323 | 4,191 | 3,495 | 3,476 | 3,535 | 3,382 | 3,434 | 3,282 | 3,221 |
| International organizations (net of notes) | 2,705 | 2,690 | 2,714 | 2,784 | 2,821 | 2,926 | 3,124 | 3,360 | 3,545 | 3,660 |
| Provincial and territorial governments | 948 | 911 | 883 | 1,023 | 937 | 819 | 1,086 | 1,111 | 876 | 709 |
| Other | 1,270 | 1,363 | 1,781 | 1,744 | 1,832 | 1,918 | 1,417 | 1,478 | 1,710 | 2,154 |
| | 35,032 | 33,223 | 32,735 | 31,185 | 30,955 | 31,809 | 32,926 | 33,040 | 32,005 | 25,707 |
| Less allowance for valuation | 13,742 | 13,060 | 13,469 | 12,914 | 12,975 | 13,596 | 15,305 | 16,000 | 14,900 | 11,270 |
| Total loans, investments and advances | 21,290 | 20,163 | 19,266 | 18,271 | 17,980 | 18,213 | 17,621 | 17,040 | 17,105 | 14,437 |
| TOTAL ASSETS | 33,785 | 37,135 | 39,744 | 36,515 | 40,456 | 39,947 | 35,374 | 35,896 | 37,191 | 48,507 |
| ACCUMULATED DEFICIT | 273,323 | 301,117 | 329,890 | 358,820 | 390,820 | 425,177 | 466,198 | 508,210 | 545,672 | 574,289 |

TABLE 2.6
GOVERNMENT OF CANADA
PUBLIC ACCOUNTS PRESENTATION
DETAILED STATEMENT OF NON-BUDGETARY TRANSACTIONS
(in millions of dollars)

| | Year ended March 31 | | | | | | | | | |
|---|---------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|
| | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 |
| Loans, investments and advances— | | | | | | | | | | |
| Enterprise Crown corporations— | | | | | | | | | | |
| Canada Deposit Insurance Corporation | -268 | -131 | -361 | 320 | 150 | -560 | -1,300 | -66 | 991 | 533 |
| Canada Mortgage and Housing Corporation | 254 | 234 | 273 | 201 | 194 | 65 | 238 | 105 | 240 | 571 |
| Canadian National Railway System | 352 | 29 | 12 | 12 | 13 | 15 | 16 | 17 | 19 | 2,360 |
| Export Development Corporation | 49 | 55 | 25 | -75 | -16 | | | -25 | -38 | -132 |
| Farm Credit Corporation | 591 | -179 | 230 | 104 | -82 | -159 | 71 | -68 | -35 | 214 |
| Business Development Bank of Canada | 93 | 51 | | | | -10 | | | | -50 |
| Other | -241 | 1,391 | 555 | -2 | -9 | -73 | -412 | 297 | -112 | 59 |
| | 830 | 1,450 | 734 | 560 | 250 | -722 | -1,387 | 260 | 1,065 | 3,555 |
| Other loans, investments and advances— | | | | | | | | | | |
| Joint and mixed enterprises | 237 | 319 | 36 | 362 | | | 88 | | | 3,074 |
| National governments including developing countries .. | 124 | 81 | 132 | 696 | 19 | -59 | 152 | -52 | 152 | 61 |
| International organizations (net of notes) | 46 | 15 | -24 | -70 | -37 | -105 | -197 | -236 | -185 | -116 |
| Provincial and territorial governments | 89 | 37 | 28 | -140 | 86 | 118 | -268 | -25 | 235 | 167 |
| Other | 60 | -93 | -418 | 142 | -88 | -86 | 495 | -61 | -232 | -443 |
| | 556 | 359 | -246 | 990 | -20 | -132 | 270 | -374 | -30 | 2,743 |
| Total loans, investments and advances | 1,386 | 1,809 | 488 | 1,550 | 230 | -854 | -1,117 | -114 | 1,035 | 6,298 |
| Allowance for valuation | -51 | -682 | 409 | -555 | 61 | 621 | 1,709 | 695 | -1,100 | -3,630 |
| Total loans, investments and advances after allowance for valuation | 1,335 | 1,127 | 897 | 995 | 291 | -233 | 592 | 581 | -65 | 2,668 |
| Pension and other accounts— | | | | | | | | | | |
| Public sector pensions (net) | 4,998 | 5,425 | 5,825 | 6,385 | 6,511 | 5,742 | 6,030 | 6,186 | 6,936 | 6,849 |
| Canada Pension Plan (net) | 205 | 306 | 256 | 422 | 497 | -278 | -342 | -111 | 678 | 230 |
| Other | 68 | -15 | -464 | -21 | 22 | 260 | 309 | 167 | 1,045 | 567 |
| Total pension and other accounts | 5,271 | 5,716 | 5,617 | 6,786 | 7,030 | 5,724 | 5,997 | 6,242 | 8,659 | 7,646 |
| Other transactions— | | | | | | | | | | |
| Cash in transit | 225 | -854 | 235 | 52 | -161 | -706 | -29 | -382 | 72 | -948 |
| Outstanding cheques and warrants | -64 | -147 | -354 | 177 | 1,476 | -1,327 | 533 | 787 | -264 | -51 |
| Accounts receivable | -121 | -127 | -319 | -264 | -744 | -1,043 | 239 | 27 | -412 | -1,619 |
| Provincial and territorial tax collection agreements account | 57 | 1,050 | -731 | -368 | -813 | -241 | -747 | -151 | 870 | 1,058 |
| Other liabilities | 1,121 | 2,180 | 1,004 | 1,022 | 383 | 383 | -61 | 5,058 | 2,760 | 2,680 |
| Total other transactions | 1,218 | 2,102 | -165 | 619 | 141 | -2,934 | -65 | 5,339 | 3,026 | 1,120 |
| Net non-budgetary transactions after allowance for valuation | 7,824 | 8,945 | 6,349 | 8,400 | 7,462 | 2,557 | 6,524 | 12,162 | 11,620 | 11,434 |

Source/requirement (-)

TABLE 2.7
GOVERNMENT OF CANADA
PUBLIC ACCOUNTS PRESENTATION
DETAILED STATEMENT OF FOREIGN EXCHANGE, UNMATURED DEBT AND CASH TRANSACTIONS
(in millions of dollars)

| | Year ended March 31 | | | | | | | | | |
|---|---------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 |
| Foreign exchange transactions— | | | | | | | | | | |
| International reserves held in the Exchange Fund | | | | | | | | | | |
| Account | -4,753 | -6,567 | -2,643 | 2,029 | -3,673 | 1,918 | 6,269 | -2,277 | -1,200 | -4,552 |
| International Monetary Fund—Subscriptions | -266 | -102 | 504 | 60 | -91 | -232 | -2,802 | -844 | -990 | 853 |
| Less International Monetary Fund—Notes payable | -5,019 | -6,669 | -2,139 | 2,089 | -3,764 | 1,686 | 3,467 | -3,121 | -2,190 | -3,699 |
| Special drawing rights allocations | -359 | -208 | 495 | 126 | 5 | -275 | -2,181 | -841 | -586 | 851 |
| Special drawing rights allocations | -70 | -27 | 134 | 15 | -23 | -62 | -100 | -152 | -179 | 154 |
| Special drawing rights allocations | -429 | -235 | 629 | 141 | -18 | -337 | -2,281 | -993 | -765 | 1,005 |
| Unmatured debt transactions payable in foreign currencies | -1,800 | -715 | -2,962 | -2,645 | -1,149 | -1,082 | 1,965 | 5,259 | 6,253 | -112 |
| Total foreign exchange transactions | -6,390 | -7,149 | -5,730 | -697 | -4,895 | 941 | 7,713 | 3,131 | 4,828 | -4,816 |
| Unmatured debt transactions— | | | | | | | | | | |
| Marketable bonds | 13,512 | 9,787 | 10,951 | 10,575 | 15,404 | 14,499 | 19,781 | 27,142 | 25,142 | 28,660 |
| Treasury bills | 15,000 | 4,100 | 21,650 | 15,850 | 20,600 | 13,150 | 9,750 | 3,950 | -1,550 | 1,650 |
| Canada savings bonds | -703 | 8,786 | -5,693 | -6,812 | -6,482 | 1,339 | -1,224 | -2,947 | 43 | |
| Bonds for the Canada Pension Plan | 1,351 | 696 | 513 | 67 | 420 | 9 | 4 | -8 | -9 | -10 |
| Canada Notes and loans | -2,823 | -1,171 | -2,015 | -1,734 | -163 | -7 | -7 | | | 310 |
| Canada bills | 1,045 | | 86 | 315 | -438 | -1,008 | 2,552 | 3,097 | 3,397 | -2,061 |
| Canada bills | 27,382 | 22,198 | 25,492 | 18,261 | 29,341 | 27,982 | 30,856 | 31,234 | 27,023 | 28,549 |
| Less unmatuured debt transactions payable in foreign currencies | -1,800 | -715 | -2,962 | -2,645 | -1,149 | -1,082 | 1,965 | 5,259 | 6,253 | -112 |
| Total unmatuured debt transactions payable in Canadian currency | 29,182 | 22,913 | 28,454 | 20,906 | 30,490 | 29,064 | 28,891 | 25,975 | 20,770 | 28,661 |
| Cash in bank at end of year— | | | | | | | | | | |
| In Canadian currency | 4,479 | 1,381 | 1,708 | 1,369 | 2,459 | 677 | 2,774 | 2,032 | 1,817 | 8,479 |
| In foreign currencies | 139 | 152 | 125 | 143 | 110 | 97 | 107 | 105 | 76 | 76 |
| Total cash in bank | 4,618 | 1,533 | 1,833 | 1,512 | 2,569 | 774 | 2,881 | 2,137 | 1,893 | 8,555 |

Source/requirement (-)

National accounts presentation

The national income and expenditure accounts were developed as a basis for economic analysis of income and expenditure flows in the economy. The concepts and definitions applied to the Government sector are consistent with those applied to other sectors and follow international practices developed under the aegis of the United Nations. The economic nature of a transaction is the determining factor in its classification within the national accounts framework.

TABLE 2.8

GOVERNMENT OF CANADA
NATIONAL ACCOUNTS PRESENTATION
DETAILED STATEMENT OF REVENUE AND EXPENDITURE TRANSACTIONS
(in millions of dollars)

| | Year ended March 31 | | | | | | | | | |
|---|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 |
| National accounts transactions⁽¹⁾ | | | | | | | | | | |
| Revenues— | | | | | | | | | | |
| Direct taxes— | | | | | | | | | | |
| Persons | 50,110 | 56,688 | 58,872 | 65,351 | 74,742 | 79,671 | 79,965 | 76,058 | 82,704 | 86,658 |
| Corporations | 10,357 | 11,968 | 12,503 | 12,409 | 11,215 | 10,220 | 10,103 | 10,143 | 13,022 | 13,594 |
| Non-residents | 1,448 | 1,418 | 1,808 | 1,421 | 1,589 | 1,617 | 1,493 | 1,685 | 1,662 | 1,714 |
| | 61,915 | 70,074 | 73,183 | 79,181 | 87,546 | 91,508 | 91,561 | 87,886 | 97,388 | 101,966 |
| Indirect taxes | 21,812 | 24,254 | 26,362 | 29,348 | 26,271 | 30,963 | 30,556 | 30,614 | 30,142 | 30,462 |
| Other current transfers from persons | 23 | 25 | 28 | 32 | 36 | 44 | 68 | 48 | 20 | 20 |
| Investment income | 8,067 | 9,023 | 10,406 | 11,458 | 12,553 | 12,834 | 12,763 | 12,465 | 13,582 | 14,929 |
| Capital consumption allowances | 1,303 | 1,354 | 1,452 | 1,538 | 1,585 | 1,557 | 1,570 | 1,642 | 1,738 | 1,749 |
| Total revenues..... | 93,120 | 104,730 | 111,431 | 121,557 | 127,991 | 136,906 | 136,518 | 132,655 | 142,870 | 149,126 |
| Expenditures— | | | | | | | | | | |
| Current goods and services— | | | | | | | | | | |
| Defence | 9,505 | 10,226 | 10,618 | 11,069 | 11,736 | 11,682 | 11,879 | 11,890 | 11,849 | 11,185 |
| Non-defence | 14,600 | 14,803 | 15,612 | 17,460 | 18,724 | 20,190 | 20,435 | 20,701 | 21,259 | 21,301 |
| | 24,105 | 25,029 | 26,230 | 28,529 | 30,460 | 31,872 | 32,314 | 32,591 | 33,108 | 32,486 |
| Transfer payments to persons | 33,570 | 34,799 | 36,419 | 38,916 | 43,907 | 51,364 | 54,187 | 56,566 | 54,981 | 54,215 |
| Subsidies | 5,405 | 6,347 | 5,583 | 4,907 | 5,350 | 7,067 | 4,883 | 4,207 | 4,073 | 3,466 |
| Capital assistance | 2,414 | 1,792 | 1,561 | 1,572 | 1,565 | 1,261 | 1,124 | 1,063 | 1,236 | 1,542 |
| Current transfers to non-residents | 1,904 | 2,262 | 2,471 | 2,954 | 2,332 | 2,722 | 2,711 | 2,312 | 2,343 | 2,184 |
| Interest on the public debt | 26,385 | 28,680 | 32,885 | 38,570 | 42,656 | 41,011 | 38,450 | 38,649 | 41,964 | 46,794 |
| Transfers to provinces | 20,959 | 22,781 | 23,953 | 25,226 | 25,971 | 27,060 | 30,266 | 28,289 | 29,739 | 30,383 |
| Transfers to local governments | 523 | 653 | 702 | 885 | 913 | 875 | 1,118 | 1,327 | 1,288 | 1,374 |
| Gross capital formation | 1,944 | 1,897 | 2,219 | 2,251 | 2,253 | 2,376 | 2,525 | 2,728 | 2,698 | 2,429 |
| Total expenditures | 117,209 | 124,240 | 132,023 | 143,810 | 155,407 | 165,608 | 167,578 | 167,732 | 171,430 | 174,873 |
| Deficit..... | -24,089 | -19,510 | -20,592 | -22,253 | -27,416 | -28,702 | -31,060 | -35,077 | -28,560 | -25,747 |

⁽¹⁾ These "National accounts transactions" are consistent with those released by Statistics Canada on August 31, 1996.

Public accounts and national accounts reconciliation

The reconciliation of transactions between the public accounts and national accounts is set out in the table that follows. The major factors which give rise to the need for a reconciliation are listed below.

The deficits of Government business enterprises which are outside the Government accounting entity are, for public accounts presentation purposes, met through budgetary appropriations and are thus recorded as budgetary expenditures. In the national accounts presentation, these deficits are netted against Government investment income.

Revenues in the public accounts are generally recorded on a cash basis with the exception of non-tax revenues. While the major portion of national accounts revenues are accounted for on a cash basis, certain items, such as corporate income taxes and the oil export charges, are reported on an accrual basis. This difference also results in a different treatment of the acceleration of source deductions and sales and excise taxes by large firms.

Transactions of employee pension accounts are treated as non-budgetary in the public accounts, although the Government's contributions to, and interest payments on, these accounts are included in expenditures. Employer and employee contributions to these accounts, plus any related interest income, form part of Government revenues in the national accounts presentation, and pension payments form part of Government expenditures.

In the public accounts presentation, the purchase of capital assets such as buildings and machinery is recorded as budgetary expenditures in the year of acquisition. Only newly produced capital assets and capital expenditures are included in national accounts expenditures. The national accounts also ignore the sale of capital assets as such sales are not deemed to give rise to production. Both Government revenues and expenditures include an allowance for the depreciation of capital assets in the national accounts termed "Capital consumption allowances". This item is not a part of public accounts reporting. Both the public accounts and the national accounts include the financial activities of the consolidated Crown corporations. However, the inclusions are not identical.

TABLE 2.9

GOVERNMENT OF CANADA
PUBLIC ACCOUNTS AND NATIONAL ACCOUNTS RECONCILIATION
(in millions of dollars)

| | Year ended March 31 | | | | | | | | | |
|---|---------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 1987 | 1988 | 1989 | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 |
| Budgetary revenues—Public accounts | 85,931 | 97,612 | 104,067 | 113,707 | 119,353 | 122,032 | 120,380 | 115,984 | 123,323 | 130,301 |
| Reconciling items— | | | | | | | | | | |
| Government pension receipts | 6,548 | 7,176 | 7,756 | 8,523 | 9,441 | 10,926 | 11,133 | 11,767 | 12,463 | 13,064 |
| Corporate income tax—Excess of accruals over receipts | -58 | 1,428 | 773 | -612 | -511 | 861 | 2,897 | 699 | 1,418 | -2,361 |
| Capital consumption allowances | 1,303 | 1,354 | 1,452 | 1,538 | 1,585 | 1,557 | 1,570 | 1,642 | 1,738 | 1,749 |
| Petroleum compensation charge ⁽¹⁾ | | | | -1 | 3 | | | | | |
| Non-tax revenues ⁽²⁾ | -968 | -1,260 | -1,190 | -1,315 | -1,276 | -1,291 | -1,540 | -1,492 | -1,662 | -1,662 |
| Deficits of Government business enterprises | -938 | -937 | -907 | -991 | -849 | -806 | -792 | -773 | -550 | -621 |
| Goods and services tax | | | | | 1,198 | 2,620 | 3,114 | 2,814 | 2,310 | 3,084 |
| Child tax credit ⁽⁶⁾ | | | | | | | 1,312 | 5,240 | 5,286 | 5,224 |
| Miscellaneous ⁽³⁾ | 1,302 | -643 | -520 | 708 | -953 | 1,007 | -1,556 | -3,226 | -1,456 | 348 |
| Total revenues—National accounts | 93,120 | 104,730 | 111,431 | 121,557 | 127,991 | 136,906 | 136,518 | 132,655 | 142,870 | 149,126 |
| Budgetary expenditures—Public accounts | 116,673 | 125,406 | 132,840 | 142,637 | 151,353 | 156,389 | 161,401 | 157,996 | 160,785 | 158,918 |
| Reconciling items— | | | | | | | | | | |
| Government pension payments | 1,437 | 1,600 | 1,801 | 1,978 | 2,073 | 2,489 | 3,782 | 4,052 | 4,287 | 4,416 |
| Net expenditures of funds and agencies ⁽⁴⁾ | 1,568 | 1,555 | 1,336 | 1,661 | 1,153 | 1,314 | 1,284 | 1,026 | 1,036 | 768 |
| Capital consumption allowances | 1,303 | 1,354 | 1,452 | 1,538 | 1,585 | 1,557 | 1,570 | 1,642 | 1,738 | 1,749 |
| Petroleum compensation program ⁽⁵⁾ | 6 | 60 | | | | | | | | |
| Non-tax revenues ⁽²⁾ | -968 | -1,260 | -1,190 | -1,315 | -1,276 | -1,291 | -1,540 | -1,492 | -1,662 | -1,662 |
| Deficits of Government business enterprises | -938 | -937 | -907 | -991 | -849 | -806 | -792 | -773 | -550 | -621 |
| Budgetary transfers to funds and agencies | -1,213 | -1,336 | -1,335 | -1,265 | -1,063 | -1,223 | -1,069 | -1,066 | -1,576 | -1,571 |
| Goods and services tax—Transfers and subsidies | | | | | 725 | 3,176 | 2,574 | 2,698 | 2,884 | 2,782 |
| Child tax benefits ⁽⁶⁾ | | | | | | | 1,312 | 5,240 | 5,286 | 5,224 |
| Miscellaneous ⁽⁷⁾ | -659 | -2,202 | -1,974 | -433 | 1,706 | 4,003 | -944 | -1,591 | -798 | 4,870 |
| Total expenditures—National accounts | 117,209 | 124,240 | 132,023 | 143,810 | 155,407 | 165,608 | 167,578 | 167,732 | 171,430 | 174,873 |

(1) In the public accounts, the petroleum compensation charge is netted against petroleum compensation payments and included in budgetary expenditures. Gross revenues and payments are recorded in the national accounts.

(2) Various items of non-tax revenues, such as service fees and proceeds from the sale of current goods, which are reported as revenues in the public accounts, are netted to expenditures in the national accounts.

(3) Major items under miscellaneous include adjustments for proceeds from the sale of used capital assets, air transportation tax, imputed items, the treatment of revenues in the supplementary accounting period after March 31, and the treatment of the acceleration of source deductions and sales and excise taxes by large firms.

(4) In the national accounts, budgetary appropriations to various funds and agencies are replaced by net actual expenditures of the funds and agencies.

(5) This item represents the difference between the gross payments recorded on the national accounts basis and net payments recorded on the public accounts basis.

(6) In the public accounts, the child tax credit is netted against the personal income tax. In the national accounts, the fiscal incidence is shown; the benefit is presented as a transfer to persons and its counterpart is included in the Revenues —Direct taxes — Persons.

(7) Major items under miscellaneous include adjustments for reserves and write-offs, provision for the valuation of assets and liabilities, purchase of used capital assets, imputed items, the treatment of expenditures and for all items in the reconciliation in the supplementary accounting period after March 31.

SECTION 3

1995-96

PUBLIC ACCOUNTS OF CANADA

Revenues, Expenditures and Accumulated Deficit

CONTENTS

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REVENUES, EXPENDITURES AND ACCUMULATED DEFICIT

This section provides information on the revenues, expenditures and accumulated deficit of the Government as summarized in Table 3.1.

TABLE 3.1

REVENUES, EXPENDITURES AND ACCUMULATED DEFICIT
(in millions of dollars)

| | 1995-96 | | 1994-95 | |
|---|----------------|----------------|----------------|----------------|
| | Gross | Net | Gross | Net |
| Revenues— | | | | |
| Tax revenues | 131,851 | 123,341 | 124,471 | 115,719 |
| Non-tax revenues | 10,659 | 6,960 | 10,608 | 7,604 |
| Total revenues, Table 3.2 | 142,510 | 130,301 | 135,079 | 123,323 |
| Expenditures— | | | | |
| Transfer payments | 86,965 | 79,138 | 90,203 | 82,040 |
| Crown corporation expenditures | 6,040 | 4,321 | 5,741 | 5,003 |
| Other program expenditures | 31,217 | 28,554 | 34,551 | 31,696 |
| Total program expenditures | 124,222 | 112,013 | 130,495 | 118,739 |
| Public debt charges | 46,905 | 46,905 | 42,046 | 42,046 |
| Total expenditures, Table 3.6 | 171,127 | 158,918 | 172,541 | 160,785 |
| Deficit for the year | 28,617 | 28,617 | 37,462 | 37,462 |
| Accumulated deficit, beginning of year | 545,672 | 545,672 | 508,210 | 508,210 |
| Accumulated deficit, end of year, Table 3.12 | 574,289 | 574,289 | 545,672 | 545,672 |

REVENUES

Revenues consist of all tax and non-tax amounts which enter into the calculation of the annual surplus or deficit of the Government.

Accounting for Revenues

Tax revenues are reported net of refunds and are exclusive of amounts collected on behalf of provinces and territories. The Government generally reports tax revenues in the period in which they are received. Refunds of tax revenues are allocated to the year in which the processing cycle for the assessment of the related tax return has been started. However, cases of tax refunds that are significant and were under appeal to the Federal Court of Canada or the Supreme Court of Canada and where all such appeals have been exhausted or are not expected to be pursued, are reported on an accrual basis. The goods and services tax (GST) quarterly tax credits and payments under the child tax benefit program are charged in the period to which they relate.

Tax revenues for a fiscal year include receipts credited to the Receiver General for Canada by the Bank of Canada and the chartered banks by March 31st and amounts received in federal government offices by March 31st, but not deposited until April or not credited to the Receiver General until April. Tax revenues also include amounts received in the mail on the first working day of April, except when it is clear that it was the remitter's intention to discharge an obligation arising in the new fiscal year.

A narrative description is provided for certain accounts reported in some tables. Such description follows the same presentation order as the respective tables.

Although a taxpayer's income tax liability relates to a taxation year, collection of individual and corporation income taxes by payroll deductions and instalment payments results in a distribution of receipts throughout the year. Similarly, the GST and other excise taxes and duties are received on a regular basis throughout the year.

Non-tax revenues are reported on an accrual basis.

Table 3.2 presents external revenues by main classification on both a gross and net basis. "Gross revenues" report all external revenues including:

- revenues netted against expenditures where, as authorized by Parliament, certain revenues which are associated with the recovery of certain costs are credited to program spending. In such cases, Parliament votes such funds net of authorized revenues;
- tax credits and repayments where certain tax credits are related to expenditures but are determined through the income tax or fiscal arrangements processes; and
- revenues of consolidated Crown corporations where, for reporting in the annual financial statements, the financial transactions of certain Crown corporations are included with those of the Government.

"Net revenues" exclude the above three categories.

Chart 3A presents total net revenues by main classification for the current fiscal year while Chart 3B compares total net revenues for the last ten fiscal years.

TABLE 3.2
EXTERNAL REVENUES BY MAIN CLASSIFICATION
(in millions of dollars)

| | 1995-96 | | | | | 1994-95 | |
|---|----------------------------------|---|--|----------------------------------|---|--------------------------------|---|
| | Gross revenues ⁽¹⁾ | Revenues netted against expenditures | Deferred revenues netted against expenditures | Tax credits and repayments | Consoli- dated Crown corporations ⁽²⁾ | Net revenues ⁽¹⁾ | Gross revenues ⁽¹⁾ Net revenues ⁽¹⁾ |
| Tax revenues— | | | | | | | |
| Income tax— | | | | | | | |
| Personal | 65,195 | | | 5,028 | | 60,167 | 61,676 56,329 |
| Corporation | 15,955 | | | | | 15,955 | 11,604 11,604 |
| Other income tax revenues | 2,105 | | | | | 2,105 | 1,769 1,769 |
| | 83,255 | | | 5,028 | | 78,227 | 75,049 69,702 |
| Unemployment insurance premiums | 18,510 | | | | | 18,510 | 18,928 18,928 |
| Excise taxes and duties— | | | | | | | |
| Goods and services tax, Table 3.4 .. | 19,174 | | | 2,799 | | 16,375 | 19,602 16,786 |
| Energy taxes — | | | | | | | |
| Excise tax—Gasoline | 3,969 | | | | | 3,969 | 3,404 3,404 |
| Excise tax—Aviation gasoline and diesel fuel | 435 | | | | | 435 | 420 420 |
| | 4,404 | | | | | 4,404 | 3,824 3,824 |
| Customs import duties | 2,969 | | | | | 2,969 | 3,575 3,575 |
| Other excise taxes and duties— | | | | | | | |
| Excise duties | 2,223 | | | | | 2,223 | 2,335 2,335 |
| Miscellaneous excise taxes and duties | 1,316 | 683 | | | | 633 | 1,158 569 |
| | 3,539 | 683 | | | | 2,856 | 3,493 2,904 |
| | 30,086 | 683 | | 2,799 | | 26,604 | 30,494 27,089 |
| Total tax revenues | 131,851 | 683 | | 7,827 | | 123,341 | 124,471 115,719 |
| Non-tax revenues— | | | | | | | |
| Return on investments, Table 3.5. | 4,567 | 38 | | | 54 | 4,475 | 5,078 5,021 |
| Other non-tax revenues— | | | | | | | |
| Privileges, licences and permits | 659 | 235 | (111) | | | 535 | 662 480 |
| Refunds of previous years' expenditures | 811 | | | | | 811 | 525 525 |
| Service fees | 1,621 | 1,370 | (20) | | | 271 | 1,748 333 |
| Proceeds from sales | 245 | 173 | (1) | | | 73 | 301 85 |
| Proceeds from the disposal of surplus Crown assets | 25 | | | | | 25 | 31 31 |
| Domestic coinage | 230 | 2 | | | | 228 | 106 106 |
| Net gain on exchange | | | | | | | 39 36 |
| Miscellaneous non-tax revenues ... | 2,501 | 294 | | | 1,665 | 542 | 2,118 987 |
| | 6,092 | 2,074 | (132) | | 1,665 | 2,485 | 5,530 2,583 |
| Total non-tax revenues | 10,659 | 2,112 | (132) | | 1,719 | 6,960 | 10,608 7,604 |
| Total revenues ⁽³⁾ | 142,510 | 2,795 | (132) | 7,827 | 1,719 | 130,301 | 135,079 123,323 |

⁽¹⁾ Reflected on the Statement of Revenues and Expenditures in Section 1 of this volume.

⁽²⁾ Additional information on the consolidated Crown corporations is provided in Section 4 of this volume.

⁽³⁾ Additional details are provided in Table 4a in Section 1 of Volume II (Part I).

CHART 3A

TOTAL NET REVENUES BY MAIN CLASSIFICATION FOR 1995-96

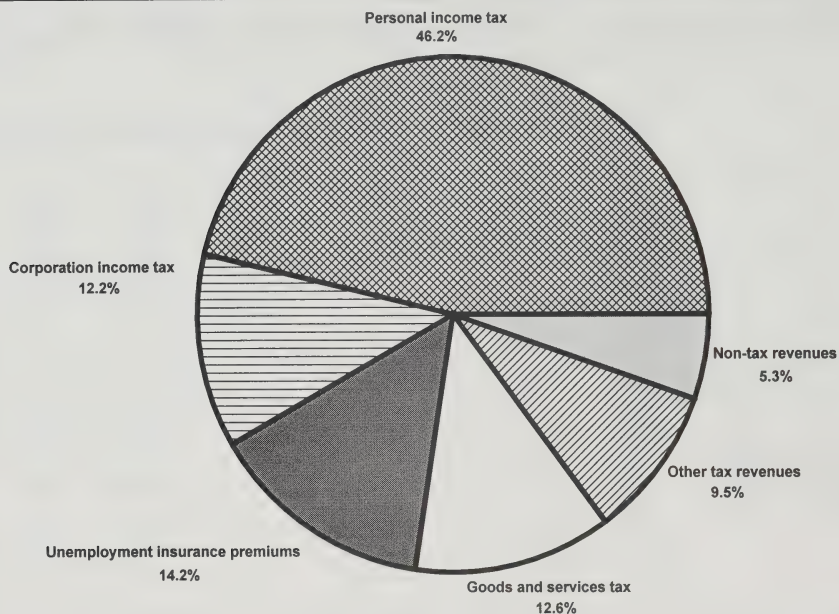
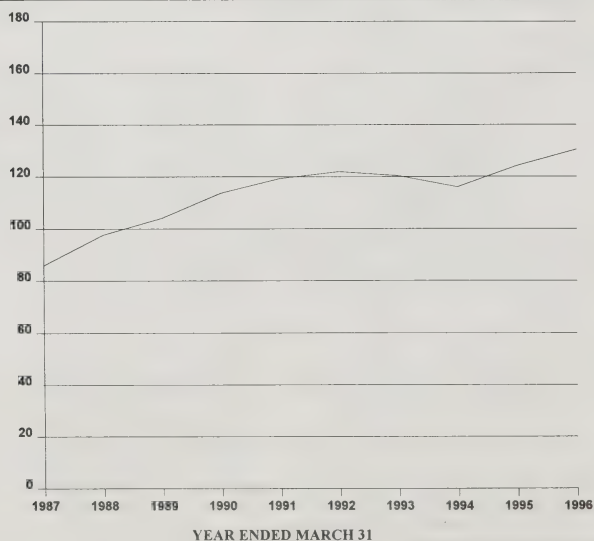


CHART 3B

TOTAL NET REVENUES

(in billions of dollars)



On a day-to-day basis, organizations within the Government transact with each other and thus contribute to gross amounts of revenues and expenditures. In preparing the financial statements, these "internal transactions" are eliminated so as to report on the basis of transactions with outside parties only. Table 3.3 provides details of internal revenue transactions and shows the total of revenues from both internal and external sources. The total gross revenues of \$148,378 million include

the total revenues from all sources. Revenues of consolidated Crown corporations, revenues netted against expenditures and tax credits and repayments are deducted to arrive at net total revenues of \$130,415 million from all sources. The interdepartmental revenues of \$114 million are deducted from the net total revenues to report the net external revenues of \$130,301 million which are detailed in Table 4a in Section 1 of Volume II (Part I).

TABLE 3.3
REVENUES FROM ALL SOURCES
(in millions of dollars)

| | Gross revenues | Less revenues of consolidated Crown corporations | Less revenues netted against expenditures | | Less deferred revenues netted against expenditures | Less tax credits and repayments | Net revenues |
|---|-------------------|--|--|----------------------|--|---|-----------------|
| | | | External revenues | Internal revenues | | | |
| External transactions | 142,510 | 1,719 | 2,795 | | (132) | 7,827 | 130,301 |
| Internal transactions by main classification— | | | | | | | |
| Excise taxes and duties | 2 | | | | | | 2 |
| Return on investments | 12 | | | | | | 12 |
| Privileges, licences and permits | 4 | | | | | | 4 |
| Refunds of previous years' expenditures | 19 | | | | | | 19 |
| Service fees | 3,738 | | | 3,730 | | | 8 |
| Proceeds from sales | 551 | | | 551 | | | |
| Proceeds from the disposal of surplus | | | | | | | |
| Crown assets | 14 | | | | | | 14 |
| Miscellaneous non-tax revenues | 1,528 | | | 1,473 | | | 55 |
| Total internal transactions | 5,868 | | | 5,754 | | | 114 |
| Total revenues | 148,378 | 1,719 | 2,795 | 5,754 | (132) | 7,827 | 130,415 |

Tax Revenues

Tax revenues include personal and corporation income taxes, other income tax revenues, unemployment insurance premiums, and excise taxes and duties.

Personal income tax

Personal income tax is levied on personal income under the provisions of the *Income Tax Act*. Personal income tax is the largest source of revenues.

Corporation income tax

Corporation income tax is levied on corporation income under the provisions of the *Income Tax Act*.

Other income tax revenues

Other income tax revenues include the non-resident income tax and other tax revenues.

Non-resident income tax is levied on income earned in Canada by non-residents under the provisions of the *Income Tax*

Act. This tax is derived from tax withheld from dividends, interest, rents, royalties, alimony, and income from estates and trusts paid to non-residents.

Other tax revenues are comprised primarily of withholding taxes on income earned in Canada by non-resident life insurance companies and income from trusts.

Unemployment insurance premiums

Premiums from employees and employers are levied under the provisions of the *Unemployment Insurance Act* and are classified as part of revenues.

Excise taxes and duties

Excise taxes and duties are collected under the *Excise Tax Act* and *Customs Tariff*. Excise taxes and duties include the goods and services tax, energy taxes, customs import duties, and other excise taxes and duties.

Goods and services tax

The goods and services tax (GST) became effective January 1, 1991. The GST is applied at a rate of 7 percent on most goods and services consumed in Canada, with the exception of

basic groceries, most health and dental care services, most educational services, and residential rents. A comparative analysis of the GST is presented in Table 3.4.

TABLE 3.4
GOODS AND SERVICES TAX (GST)⁽¹⁾
 (in thousands of dollars)

| | 1995-96 | 1994-95 |
|---|------------|------------|
| GST received (National Revenue) | 37,990,372 | 36,660,679 |
| Add: GST received by ministries on goods and services sold to outside parties: | | |
| Agriculture and Agri-Food | 5,115 | 4,380 |
| Atlantic Canada Opportunities Agency | 40 | 4 |
| Canadian Heritage | 3,777 | 3,055 |
| Citizenship and Immigration | 7 | 10 |
| Environment | 609 | 444 |
| Finance | 71 | 59 |
| Fisheries and Oceans | 745 | 775 |
| Foreign Affairs and International Trade | 2 | 2 |
| Governor General | 4 | 4 |
| Health | 32 | 20 |
| Human Resources Development | 106 | 116 |
| Indian Affairs and Northern Development | 303 | 296 |
| Industry | 3,238 | 2,880 |
| Justice | 56 | 10 |
| National Defence | 665 | 766 |
| National Revenue | 131 | 154 |
| Natural Resources | 1,002 | 891 |
| Parliament | 12 | 14 |
| Privy Council | 38 | 59 |
| Public Works and Government Services | 11,445 | 15,433 |
| Solicitor General | 1,025 | 1,032 |
| Transport | 29,064 | 23,613 |
| Treasury Board | 576 | 629 |
| Veterans Affairs | 34 | 37 |
| Western Economic Diversification | | 1 |
| | 58,097 | 54,684 |
| Total GST received | 38,048,469 | 36,715,363 |
| Less: remission order for the GST paid by ministries on or for goods and services purchased from outside parties (National Revenue) | 861,488 | 878,762 |
| refunds paid (National Revenue) | 16,481,988 | 14,787,437 |
| rebates paid (National Revenue) | 1,531,333 | 1,447,419 |
| Gross GST received from outside parties | 19,173,660 | 19,601,745 |
| Less: quarterly tax credits paid (National Revenue) | 2,798,941 | 2,815,612 |
| Net GST received from outside parties | 16,374,719 | 16,786,133 |

⁽¹⁾ Reported in: —Note 3 to the audited financial statements (Section I of this volume).
 —Statement of Transactions of the Debt Servicing and Reduction Account (Section I of this volume).
 —Statement of revenues in each ministerial section (Volume II-Part I).

Energy taxes

Energy taxes primarily include the excise tax on gasoline, aviation gas and diesel fuel.

Customs import duties

Revenues from customs import duties consist mainly of ad valorem taxes on the importation of goods levied under the *Customs Tariff*.

Other excise taxes and duties

Excise taxes and duties are levied on alcoholic beverages and tobacco products. In addition, excise taxes are imposed on other items such as jewellery and passenger vehicle air conditioners.

Non-Tax Revenues

Non-tax revenues include return on investments and other non-tax revenues.

Return on investments

Return on investments consists mainly of interest from loans and advances, dividends from investments, and transfer of profits and surpluses. A comparative analysis of return on investments is presented in Table 3.5.

TABLE 3.5
RETURN ON INVESTMENTS⁽¹⁾
(in millions of dollars)

| | 1995-96 | 1994-95 |
|--|----------------------|----------------------|
| Consolidated accounts— | | |
| Agricultural Commodities Stabilization Accounts | | 6 |
| Unemployment Insurance Account | 228 | 424 |
| | 228 | 430 |
| Cash in bank— | | |
| Interest on bank deposits | 370 | 155 |
| Foreign exchange accounts— | | |
| Exchange Fund Account | 1,383 | 1,905 |
| International Monetary Fund—Subscriptions | 41 | 27 |
| | 1,424 | 1,932 |
| Loans, investments and advances— | | |
| Enterprise Crown corporations— | | |
| Canada Deposit Insurance Corporation | 123 | 186 |
| Canada Development Investment Corporation | 10 | 10 |
| Canada Mortgage and Housing Corporation | 680 | 706 |
| Canadian National Railway System | 7 | 8 |
| Farm Credit Corporation | 209 | 199 |
| Other— | | |
| Bank of Canada | 1,841 ⁽²⁾ | 1,571 ⁽²⁾ |
| Miscellaneous | 28 | 33 |
| | 2,898 | 2,713 |
| Joint and mixed enterprises | 29 | 24 |
| National governments including developing countries | 89 | 75 |
| International organizations | 22 | 17 |
| Provincial and territorial governments | 22 | 26 |
| Other loans, investments and advances | 16 | 13 |
| | 3,076 | 2,868 |
| Other accounts— | | |
| Esso Ltd—Norman Wells Project profits | 100 | 30 |
| Other | 19 | 15 |
| | 119 | 45 |
| Total ministerial net return on investments | 5,217 | 5,430 |
| Exchange Fund Account adjustment ⁽³⁾ | (246) | (89) |
| Accrual of non-tax revenues | (256) | 114 |
| Consolidated specified purpose accounts | (228) | (430) |
| Total net return on investments | 4,487 | 5,025 |
| Return on investments internal to the Government | (12) | (4) |
| Total net return on investments from outside parties | 4,475 | 5,021 |
| External revenues netted against expenditures | 38 | 36 |
| Consolidated Crown corporations | 54 | 21 |
| Total gross return on investments from outside parties | 4,567 | 5,078 |

⁽¹⁾ Additional details are provided in Table 4a in Section I of Volume II (Part I).

⁽²⁾ On an accrual basis, the revenues are as follows: \$1,763 million for 1995-96 and \$1,899 million for 1994-95.

⁽³⁾ Adjustment to recognize the net income for the 12 months period ending March 31.

Other non-tax revenues

Other non-tax revenues are comprised of proceeds from the sale of surplus Crown assets and current goods and services, refunds of previous years' expenditures, service fees, privi-

leges, licences and permits, domestic coinage, and miscellaneous non-tax revenues. Details are reported by individual ministry in Volume II (Part I) of the *Public Accounts of Canada*.

EXPENDITURES

Expenditures consist of all charges which enter into the calculation of the annual deficit or surplus of the Government.

Accounting for Expenditures

Expenditures for Government operations are recorded when goods are received or services are rendered. Transfer payments are recorded as expenditures when paid or when the recipient has fulfilled the terms of a contractual transfer agreement. Capital leases are recorded as expenditures over the lease term

as payments are made. Expenditures include allowances for any changes in the value of any assets, or to reflect liabilities at their economic value.

Table 3.6 presents external expenditures by type on both a gross and a net basis. The difference between gross and net expenditures is revenues netted against expenditures, revenue of consolidated Crown corporations credited to expenditures, tax revenue items related to expenditures and included in revenues, and recovery of tax revenues credited to expenditures.

TABLE 3.6

EXTERNAL EXPENDITURES BY TYPE

(in millions of dollars)

| | 1995-96 | | | | 1994-95 | | |
|--|-----------------------------------|--------------------------------------|----------------------------|--|---------------------------------|-----------------------------------|---------------------------------|
| | Gross expenditures ⁽¹⁾ | Revenues netted against expenditures | Tax credits and repayments | Consolidated Crown corporations ⁽²⁾ | Net expenditures ⁽¹⁾ | Gross expenditures ⁽¹⁾ | Net expenditures ⁽¹⁾ |
| Transfer payments — | | | | | | | |
| Old age security benefits, guaranteed income supplement and spouse's allowance | 20,430 | | (604) | | 21,034 | 20,143 | 20,511 |
| Unemployment insurance benefits | 13,476 | | | | 13,476 | 14,815 | 14,815 |
| Fiscal arrangements | 8,627 | | 417 | | 8,210 | 8,067 | 7,674 |
| Insurance and medical care | 7,115 | | | | 7,115 | 7,691 | 7,691 |
| Canada Assistance Plan | 7,191 | | | | 7,191 | 7,266 | 7,266 |
| Education support | 2,365 | | | | 2,365 | 2,486 | 2,486 |
| Child tax benefits | 5,215 | | 5,215 | | | 5,322 | |
| | 64,419 | | 5,028 | | 59,391 | 65,790 | 60,443 |
| Other transfer payments — | | | | | | | |
| Agriculture and Agri-Food | 1,813 | | | | 1,813 | 1,355 | 1,355 |
| Foreign Affairs and International Trade | 2,081 | | | | 2,081 | 2,544 | 2,544 |
| Human Resources Development | 2,521 | | | | 2,521 | 2,439 | 2,439 |
| Indian Affairs and Northern Development | 4,861 | | | | 4,861 | 4,614 | 4,614 |
| Industry | 1,748 | | | | 1,748 | 1,702 | 1,702 |
| Veterans Affairs | 1,391 | | | | 1,391 | 1,445 | 1,445 |
| Other | 8,132 | | 2,799 | | 5,332 | 10,314 | 7,498 |
| | 22,546 | | 2,799 | | 19,747 | 24,413 | 21,597 |
| Total transfer payments | 86,965 | | 7,827 | | 79,138 | 90,203 | 82,040 |
| Crown corporation expenditures | 6,040 | | | 1,719 | 4,321 | 5,741 | 5,003 |
| Other program expenditures— | | | | | | | |
| Finance | 1,656 | 37 | | | 1,619 | 219 | 177 |
| Fisheries and Oceans | 1,189 | 10 | | | 1,179 | 1,212 | 1,212 |
| Foreign Affairs and International Trade | 1,155 | 54 | | | 1,101 | 1,238 | 1,189 |
| Health | 1,083 | 29 | | | 1,054 | 1,182 | 1,164 |
| Industry | 1,603 | (63) | | | 1,666 | 1,531 | 1,429 |
| National Defence | 10,293 | 358 | | | 9,935 | 11,063 | 10,693 |
| National Revenue | 2,055 | | | | 2,055 | 2,098 | 2,042 |
| Public Works and Government Services | 1,837 | 165 | | | 1,672 | 2,015 | 1,720 |
| Solicitor General | 3,256 | 676 | | | 2,580 | 3,209 | 2,526 |
| Treasury Board | 1,230 | | | | 1,230 | 755 | 755 |
| Other | 5,860 | 1,397 | | | 4,463 | 10,029 | 8,789 |
| Total other program expenditures | 31,217 | 2,663 | | | 28,554 | 34,551 | 31,696 |
| Total program expenditures | 124,222 | 2,663 | 7,827 | 1,719 | 112,013 | 130,495 | 118,739 |
| Public debt charges, Table 3.9 | 46,905 | | | | 46,905 | 42,046 | 42,046 |
| Total expenditures ⁽³⁾ | 171,127 | 2,663 | 7,827 | 1,719 | 158,918 | 172,541 | 160,785 |

(1) Reflected on the Statement of Revenues and Expenditures in Section I of this volume.

(2) Additional information on the consolidated Crown corporations is provided in Section 4 of this volume.

(3) Additional information is provided in Table 2a in Section I of Volume II (Part I).

Chart 3C presents total net expenditures by type for the current fiscal year, while Chart 3D compares total net expenditures for the last ten fiscal years.

CHART 3C
TOTAL NET EXPENDITURES BY TYPE FOR 1995-96

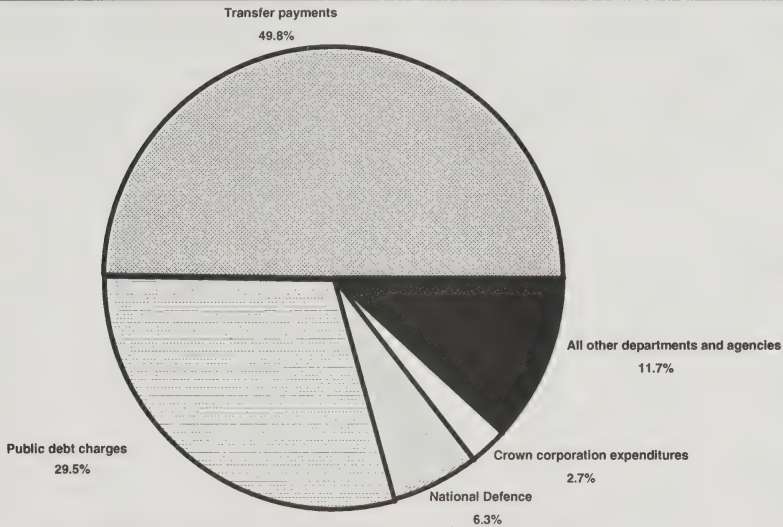
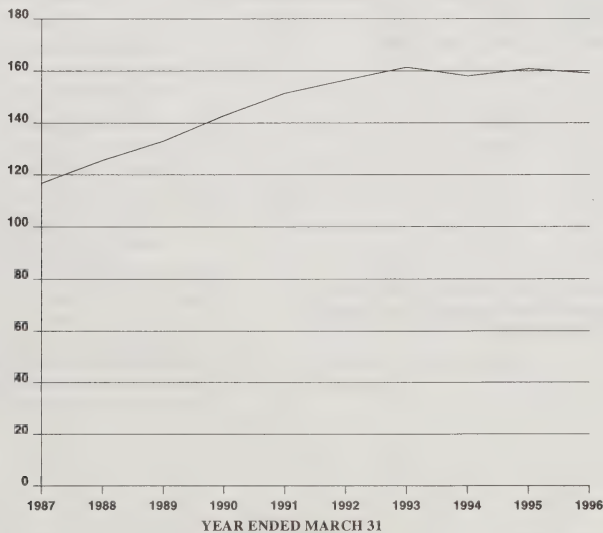


CHART 3D
TOTAL NET EXPENDITURES
(in billions of dollars)



On a day-to-day basis, organizations within the Government entity transact with each other and thus contribute to the amounts of revenues and expenditures recorded in the accounts. In preparing the financial statements, these "internal transac-

tions" are eliminated so as to report on the basis of transactions with outside parties only. Table 3.7 provides details of internal expenditure transactions and shows the total of expenditures transacted by the Government with all sources.

TABLE 3.7
EXPENDITURES BY SOURCE
(in millions of dollars)

| | Gross expenditures | Less tax credits and repayments | Less revenues of consolidated Crown corporations | Less revenues netted against expenditures | | Net expenditures |
|---|--------------------|---------------------------------|--|---|-------------------|------------------|
| | | | | External revenues | Internal revenues | |
| External transactions | 171,127 | 7,827 | 1,719 | 2,663 | | 158,918 |
| Internal transactions — | | | | | | |
| Canadian Heritage | 20 | | | | 16 | 4 |
| Environment | 37 | | | | 34 | 3 |
| Foreign Affairs and International Trade | 11 | | | | 1 | 10 |
| Industry | 47 | | | | 42 | 5 |
| National Defence | 13 | | | | 9 | 4 |
| National Revenue | 150 | | | | 115 | 35 |
| Public Works and Government Services | 3,973 | | | | 3,949 | 24 |
| Solicitor General | 119 | | | | 112 | 7 |
| Transport | 46 | | | | 36 | 10 |
| Treasury Board | 74 | | | | 74 | |
| Other | 27 | | | | 15 | 12 |
| Total internal transactions | 4,517 | | | | 4,403 | 114 |
| Total expenditures | 175,644 | 7,827 | 1,719 | 2,663 | 4,403 | 159,032 |

Government Spending

Government spending consists of four major types:

- transfer payments;
- Crown corporation expenditures;
- other program expenditures; and,
- public debt charges.

Transfer payments

Transfer payments include:

- payments to persons for income support or income supplement. Assistance is based on age, family status, income, and employment criteria;
- payments to provinces and territories under three main programs:

- Established Program Financing: financial assistance in respect of health care services and post-secondary education;
- Fiscal arrangements: unconditional fiscal transfer payments to lower income provinces including subsidies under the Constitution Acts; and,
- Canada Assistance Plan: federal Government's share in the cost of social assistance programs administered by provinces;
- other transfer payments, including various subsidies paid through federal programs to stabilize market prices for commodities, for the development of new technologies, for the conduct of research, for the establishment of new jobs through support for training, for the promotion of educational and cultural activities, and other miscellaneous payments.

Table 3.8 presents a comparative analysis by province of certain transfer payments.

TABLE 3.8
CERTAIN TRANSFER PAYMENTS BY PROVINCE
(in millions of dollars)

| | Unemploy- | | | Insurance and medical care | | Canada Assistance Plan | Education support | Child tax benefits | Total |
|--------------------------------------|--|-------------------------|-------------------------|----------------------------|-----------------------|------------------------|-----------------------|-----------------------|-------------------------|
| | Old age security benefits ⁽¹⁾ | ment insurance benefits | Fiscal arrangements | Extended health care | Insured health | | | | |
| Newfoundland | 451 <i>441</i> | 673 <i>747</i> | 935 <i>992</i> | 30 <i>30</i> | 135 <i>146</i> | 207 <i>199</i> | 57 <i>62</i> | | 2,488 <i>2,617</i> |
| Prince Edward Island | 120 <i>119</i> | 174 <i>186</i> | 192 <i>209</i> | 7 <i>7</i> | 32 <i>34</i> | 36 <i>36</i> | 14 <i>14</i> | | 575 <i>605</i> |
| Nova Scotia | 776 <i>767</i> | 640 <i>755</i> | 1,118 <i>1,183</i> | 48 <i>48</i> | 220 <i>234</i> | 285 <i>264</i> | 93 <i>99</i> | | 3,180 <i>3,350</i> |
| New Brunswick | 631 <i>622</i> | 724 <i>804</i> | 928 <i>914</i> | 39 <i>39</i> | 176 <i>190</i> | 207 <i>203</i> | 74 <i>81</i> | | 2,779 <i>2,853</i> |
| Quebec | 5,560 <i>5,405</i> | 4,279 <i>4,647</i> | 3,917 <i>3,444</i> | 377 <i>372</i> | 916 <i>1,042</i> | 1,997 <i>2,031</i> | 370 <i>375</i> | | 17,416 <i>17,316</i> |
| Ontario | 7,299 <i>7,110</i> | 3,720 <i>4,198</i> | 419 <i>248</i> | 569 <i>561</i> | 2,300 <i>2,402</i> | 2,508 <i>2,577</i> | 952 <i>1,001</i> | | 17,767 <i>18,097</i> |
| Manitoba | 937 <i>925</i> | 372 <i>404</i> | 1,073 <i>1,099</i> | 58 <i>59</i> | 267 <i>284</i> | 329 <i>332</i> | 112 <i>120</i> | | 3,148 <i>3,223</i> |
| Saskatchewan | 913 <i>903</i> | 284 <i>308</i> | 210 <i>537</i> | 52 <i>52</i> | 236 <i>254</i> | 243 <i>237</i> | 99 <i>108</i> | | 2,037 <i>2,399</i> |
| Alberta | 1,556 <i>1,506</i> | 980 <i>1,070</i> | 20 <i>163</i> | 141 <i>140</i> | 582 <i>609</i> | 493 <i>479</i> | 237 <i>260</i> | | 4,009 <i>4,227</i> |
| British Columbia | 2,625 <i>2,549</i> | 1,602 <i>1,764</i> | 3 <i>31</i> | 193 <i>189</i> | 836 <i>848</i> | 837 <i>882</i> | 349 <i>357</i> | | 6,445 <i>6,620</i> |
| Total provinces | 20,868 <i>20,347</i> | 13,448 <i>14,883</i> | 8,815 <i>8,820</i> | 1,514 <i>1,497</i> | 5,700 <i>6,043</i> | 7,142 <i>7,240</i> | 2,357 <i>2,477</i> | | 59,844 <i>61,307</i> |
| Northwest Territories | 15 <i>15</i> | 33 <i>32</i> | 1 <i>1</i> | 3 <i>3</i> | 13 <i>14</i> | 32 <i>29</i> | 5 <i>6</i> | | 102 <i>100</i> |
| Yukon Territory | 9 <i>8</i> | 26 <i>30</i> | | 2 <i>2</i> | 8 <i>7</i> | 11 <i>11</i> | 3 <i>3</i> | | 59 <i>61</i> |
| International | 142 <i>141</i> | 2 <i>3</i> | | | | | | | 144 <i>144</i> |
| Sub-total | 21,034 <i>20,511</i> | 13,509 <i>14,948</i> | 8,816 <i>8,821</i> | 1,519 <i>1,502</i> | 5,721 <i>6,064</i> | 7,185 <i>7,280</i> | 2,365 <i>2,486</i> | | 60,149 <i>61,612</i> |
| Provision for valuation | | (33) <i>(133)</i> | (606) <i>(1,147)</i> | | (125) <i>125</i> | 6 <i>(14)</i> | | | (758) <i>(1,169)</i> |
| Total (Net) | 21,034 <i>20,511</i> | 13,476 <i>14,815</i> | 8,210 <i>7,674</i> | 1,519 <i>1,502</i> | 5,596 <i>6,189</i> | 7,191 <i>7,266</i> | 2,365 <i>2,486</i> | | 59,391 <i>60,443</i> |
| Add tax credits and repayments | (604) <i>(368)</i> | | 417 <i>393</i> | | | | | 5,215 <i>5,322</i> | 5,028 <i>5,347</i> |
| Total (Gross) | 20,430 <i>20,143</i> | 13,476 <i>14,815</i> | 8,627 <i>8,067</i> | 1,519 <i>1,502</i> | 5,596 <i>6,189</i> | 7,191 <i>7,266</i> | 2,365 <i>2,486</i> | 5,215 <i>5,322</i> | 64,419 <i>65,790</i> |

Amounts in roman type are 1995-96 transfer payments.

Amounts in *italic* type are 1994-95 transfer payments.

(1) Includes the guaranteed income supplement and the spouse's allowance.

Crown corporation expenditures

Crown corporation expenditures include the net expenditures (expenditures less revenues) of consolidated Crown corporations and the expenditures related to enterprise Crown corporations.

Other program expenditures

Other program expenditures include defence spending, as well as Government administration and specific services delivered to the public. This spending covers the operating and capital costs associated with programs directly delivered by the federal Government such as food inspection, the Coast Guard, the federal court system, the operation of health facilities for natives and veterans, and the national parks system, to name just a few.

TABLE 3.9

PUBLIC DEBT CHARGES⁽¹⁾

(in millions of dollars)

| | 1995-96 | 1994-95 |
|--|---------|---------|
| Unmatured debt— | | |
| Interest on: | | |
| Marketable bonds | 21,242 | 19,200 |
| Canada savings bonds | 2,184 | 2,014 |
| Bonds for Canada Pension Plan | 379 | 359 |
| Canada notes | (2) | |
| | 23,805 | 21,573 |
| Amortization of premiums, discounts and commissions on: | | |
| Treasury bills | 11,118 | 9,343 |
| Marketable bonds | 342 | 337 |
| Canada bills | 304 | 342 |
| Canada savings bonds | 48 | 56 |
| | 11,812 | 10,078 |
| Servicing costs and costs of issuing new borrowings | 53 | 78 |
| Total public debt charges related to unmatured debt | 35,670 | 31,729 |
| Interest on: | | |
| Pension and other accounts— | | |
| Public sector pensions—Superannuation accounts | 10,481 | 9,699 |
| Canada Pension Plan | 294 | 237 |
| Government Annuities Account | 45 | 48 |
| Deposit and trust accounts | 85 | 95 |
| Other specified purpose accounts | 178 | 155 |
| | 11,083 | 10,234 |
| Other accounts | 69 | 83 |
| Total public debt charges related to pension and other accounts ⁽³⁾ | 11,152 | 10,317 |
| Interest on consolidated specified purpose accounts— | | |
| Unemployment Insurance Account | 35 | 17 |
| Agricultural Commodities Stabilization Accounts | 2 | 6 |
| Other | 17 | 19 |
| Total public debt charges related to consolidated specified purpose accounts | 54 | 42 |
| Total public debt charges ⁽⁴⁾ | 46,876 | 42,088 |
| Financing costs related to the sale of investments ⁽⁵⁾ | 83 | |
| | 46,959 | 42,088 |
| Less: total public debt charges related to consolidated specified purpose accounts | 54 | 42 |
| Total net/gross public debt charges with outside parties | 46,905 | 42,046 |

(1) Additional details are provided in Table 2a in Section 1 of Volume II (Part I).

(2) Less than \$ 500,000.

(3) Combined as interest on pension and other accounts in Volume I, Section I, Note 4. iv., public debt charges.

(4) Additional details are provided in Section 9 of Volume II (Part II).

Public debt charges

Public debt charges include the interest on unmatured debt and on pension and other accounts, the amortization of premiums, discounts and commissions on unmatured debt, and the servicing costs and the costs of issuing new borrowings.

A comparative summary of public debt charges is presented in Table 3.9. The table also discloses the reconciling items between total public debt charges as reported in the Finance ministerial section (Section 7) of Volume II (Part I) and the total net expenditures of the public debt indicated in Table 3.6. The reconciling items include the expenditures of the consolidated specified purpose accounts and the financing costs related to the sale of investments.

Expenditures by Standard Object

Table 3.10 presents total expenditures by standard object on both a gross and net basis for the current fiscal year.

TABLE 3.10
TOTAL EXPENDITURES BY STANDARD OBJECT
(in millions of dollars)

| | Less: | | | Total external expenditures |
|---|-----------------------|--------------------------|--|-----------------------------------|
| | Total expenditures | Internal expenditures | Internal revenues netted against expenditures | |
| Personnel | 16,743 | | (4) | 16,747 |
| Transportation and communications | 2,032 | 6 | 229 | 1,797 |
| Information | 362 | 3 | 117 | 242 |
| Professional and special services | 4,414 | 30 | 1,143 | 3,241 |
| Rentals | 1,889 | 22 | 850 | 1,017 |
| Purchased repair and maintenance | 1,669 | 9 | 335 | 1,325 |
| Utilities, materials and supplies | 2,917 | 6 | 221 | 2,690 |
| Construction or acquisition of land, buildings and works | 1,403 | 15 | 612 | 776 |
| Construction or acquisition of machinery and equipment | 3,300 | 1 | 33 | 3,266 |
| Transfer payments | 86,965 | | | 86,965 |
| Public debt charges | 46,905 | | | 46,905 |
| Other subsidies and payments | 7,045 | 22 | 867 | 6,156 |
| Total gross expenditures | 175,644 | 114 | 4,403 | 171,127 |
| Add: | | | | |
| Unemployment Insurance Account | 1,351 | | 1,351 | |
| Internal expenditures | | 114 | | (114) |
| Less: | | | | |
| Revenues netted against expenditures— | | | | |
| External revenues | 2,663 | | | 2,663 |
| Internal revenues | 5,754 | 114 | 5,754 | (114) |
| Revenues of consolidated Crown corporations | 1,719 | | | 1,719 |
| Tax credits and repayments | 7,827 | | | 7,827 |
| | (16,612) | 0 | (4,403) | (12,209) |
| Total net expenditures | 159,032 | 114 | | 158,918 |

Expenditures under Statutory Authorities

Spending authorities provided by statutory authorities are for specified purposes and for such amounts and such time as the acts prescribe. These spending authorities do not generally lapse at the end of the year in which they were granted. Expenditures under such authorities account for more than two-thirds of the total net expenditures each year.

Table 3.11 presents a comparative summary of these statutory expenditures. The table also discloses the reconciling items

between total ministerial expenditures under statutory authorities and total net statutory expenditures. The reconciling items include the statutory expenditures of the consolidated specified purpose accounts and the provision for valuation. External revenues netted against expenditures have been added to the total net statutory expenditures to obtain the total gross statutory expenditures with outside parties.

TABLE 3.11
EXPENDITURES UNDER STATUTORY AUTHORITIES
(in millions of dollars)

| | 1995-96 | 1994-95 |
|---|---------|---------|
| Public debt charges | 46,877 | 42,088 |
| Old age security payments | 15,999 | 15,478 |
| Fiscal equalization (<i>Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act— Part I</i>) | 8,801 | 8,543 |
| Payments for insured health services and extended health care services | 7,241 | 7,566 |
| Canada Assistance Plan payments | 7,185 | 7,279 |
| Guaranteed income supplement payments | 4,628 | 4,604 |
| Post-secondary education payments to provinces and territories | 2,365 | 2,486 |
| Adjustment to the accounts of Canada to reflect the sale of Petro-Canada shares pursuant to the <i>Petro-Canada Public Participation Act</i> | 1,328 | |
| Adjustment to the accounts of Canada to reflect the sale of Canadian National Railway Company shares pursuant to the <i>CN Commercialization Act</i> | 1,101 | |
| Payments in connection with the <i>Western Grain Transition Payments Act</i> | 889 | |
| Spouse's allowance payments | 408 | 429 |
| Interest payments, liabilities under the <i>Canada Student Loans Act</i> | 837 | 529 |
| Fiscal stabilization (<i>Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act— Part II</i>) | 312 | 378 |
| Grants to municipalities and other taxing authorities | 398 | 408 |
| Superannuation, supplementary retirement benefits, death benefits and other pensions— ⁽¹⁾ | | |
| Public Service— | | |
| Government's matching contribution to the Public Service Superannuation Account | 881 | 883 |
| Government's contribution as employer to the Unemployment Insurance Account | 327 | 340 |
| Government's matching contribution to the Canada and the Quebec Pension Plans | 186 | 170 |
| Government's matching contribution to the death benefit account | 7 | 7 |
| | 1,401 | 1,400 |
| Less: recoveries from revolving funds | 68 | 69 |
| | 1,333 | 1,331 |
| Canadian Forces— | | |
| Government's matching contribution to the Canadian Forces Superannuation Account | 410 | 437 |
| Statutory payments under the <i>Supplementary Retirement Benefits Act</i> | 15 | 13 |
| Government's contribution as employer to the Unemployment Insurance Account | 104 | 115 |
| Government's matching contribution to the Canada and the Quebec Pension Plans | 61 | 63 |
| Government's matching contribution to the death benefit account | 3 | 2 |
| | 593 | 630 |
| Royal Canadian Mounted Police— | | |
| Government's matching contribution to the Royal Canadian Mounted Police Superan- nuation Account | 119 | 126 |
| Statutory payments under the <i>Supplementary Retirement Benefits Act</i> | 20 | 21 |
| Government's contribution as employer to the Unemployment Insurance Account | 28 | 31 |
| Government's matching contribution to the Canada and the Quebec Pension Plans | 15 | 17 |
| | 182 | 195 |
| All other statutory expenditures | 2,592 | 3,476 |
| Total ministerial expenditures under statutory authorities ⁽²⁾ | 103,069 | 95,420 |
| Consolidated specified purpose accounts— | | |
| Unemployment Insurance Account | 14,365 | 15,728 |
| Western Grain Stabilization Account | (2) | (1) |
| Crop Reinsurance Fund | (1) | 1 |
| Agricultural Commodities Stabilization Accounts | 25 | 119 |
| Other | (7) | (5) |
| Total expenditures of consolidated specified purpose accounts | 14,380 | 15,842 |
| Provision for valuation | (5,667) | 314 |
| Total net statutory expenditures with outside parties | 111,782 | 111,576 |
| External revenues netted against expenditures | 408 | 438 |
| Total gross statutory expenditures with outside parties | 112,190 | 112,014 |

⁽¹⁾ Details related to other pension accounts such as the Members of Parliament Retiring Allowances Account are not included.

⁽²⁾ Additional details are provided in Table 7 in Section 1 of Volume II (Part I).

ACCUMULATED DEFICIT

The accumulated deficit account represents the net accumulation of annual deficits and surpluses of the Government of Canada since Confederation, together with certain amounts charged or credited directly to this account reflecting changes in accounting policies introduced over the years. The accumulated deficit is equal to the excess of recorded liabilities over total assets.

A Statement of Accumulated Deficit is published in Section 1 of this volume.

Table 3.12 presents a ten year comparative statement of the accumulated deficit, in terms of total liabilities and total assets. Chart 3E presents the accumulated deficit for the last ten fiscal years.

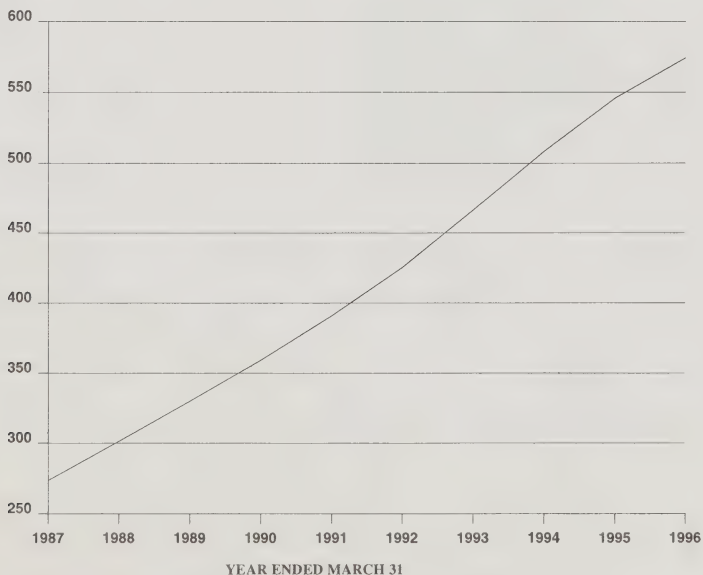
TABLE 3.12

STATEMENT OF ACCUMULATED DEFICIT IN TERMS OF TOTAL LIABILITIES AND TOTAL ASSETS

(in millions of dollars)

| As at March 31 | Total liabilities | Less total assets | Accumulated deficit | |
|----------------|-------------------|-------------------|---------------------|----------|
| | | | Amount | Increase |
| 1996 | 622,796 | 48,507 | 574,289 | 28,617 |
| 1995 | 582,863 | 37,191 | 545,672 | 37,462 |
| 1994 | 544,106 | 35,896 | 508,210 | 42,012 |
| 1993 | 501,572 | 35,374 | 466,198 | 41,021 |
| 1992 | 465,124 | 39,947 | 425,177 | 34,357 |
| 1991 | 431,276 | 40,456 | 390,820 | 32,000 |
| 1990 | 395,335 | 36,515 | 358,820 | 28,930 |
| 1989 | 369,634 | 39,744 | 329,890 | 28,773 |
| 1988 | 338,252 | 37,135 | 301,117 | 27,794 |
| 1987 | 307,108 | 33,785 | 273,323 | 30,742 |

CHART 3E
ACCUMULATED DEFICIT
(in billions of dollars)



SECTION 4

1995-96

PUBLIC ACCOUNTS OF CANADA

Consolidated Accounts

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CONSOLIDATED CROWN CORPORATIONS

This section provides all related information on consolidated Crown corporations. Consolidated Crown corporations are those Crown corporations who rely on Government funding as their principal source of revenue.

Consolidation involves the combination of the accounts of these corporations on a line-by-line and uniform basis of accounting and eliminating inter-organizational balances and transactions. Before these balances and transactions can be eliminated, the corporations' accounts must be adjusted to the Government basis of accounting. Most corporations follow generally accepted accounting principles (GAAP) used by private sector companies. The most significant difference between GAAP and the Government basis of accounting is that under GAAP, non-financial assets such as buildings, machinery, equipment and inventories are reflected as assets and written-off over their respective lives or as they are consumed or used. The Government treats the acquisition of non-financial assets as expenditures in the year of acquisition.

Summary Financial Statements of Consolidated Crown Corporations

The following tables display details of the assets, liabilities, revenues and expenses of the consolidated Crown corporations.

For those corporations having other year ends than March 31, the data are based on unaudited interim financial statements which have been prepared on a basis consistent with the most recent audited financial statements.

Tables 4.1 and 4.2 summarize the financial transactions and results of operations as reported by the consolidated Crown corporations.

Financial assets include cash, receivables, loans and investments. Financial assets are segregated between third parties and Government and Crown corporations. The financial assets reported under Government and Crown corporations represent receivables and, loans and investments between related parties. Physical assets and deferred charges are assets such as property, plant and equipment and inventories that are accounted for under generally accepted accounting principles by most corporations which differ from those of the Government. Liabilities include payables, borrowings and other obligations. Liabilities are segregated between third parties and Government and Crown corporations. Borrowings from third parties represent long-term debts payable of the corporations. Other third party liabilities are amounts due for purchases, employee benefits, various accruals, capital leases and like items. The liabilities reported under Government and Crown corporations represent payables and borrowings between related parties.

Revenues are the inflow of cash, receivables and other consideration arising in the course of ordinary activities of a corporation, normally the sale of goods, the rendering of services and the use by others of enterprise resources yielding interest, royalties and dividends. Revenues are segregated between third parties and Government and Crown corporations. Government and Crown corporations' revenues are broken down further to identify revenues arising from normal operations and financial assistance received or receivable from the Government in respect of the current year's operations. Expenses are the outflow or reduction of assets or incurrence of liabilities resulting from a corporation's ordinary revenue generating or service delivery activities. Expenses are segregated between third parties and Government and Crown corporations. Revenues and expenses are used to determine the net income or loss of the Crown corporation. Equity transactions other than current year's net income or loss are segregated between adjustments and transactions with the Government. Adjustments include prior period adjustments and other items affecting equity as recorded by the corporations. Equity transactions with the Government include dividends declared or transfers of profits to the Government as well as capital transactions with the Government. The line "Conversion to the Government accounting basis for consolidation purposes" represents the adjustments required to bring the corporations' generally accepted accounting principles basis of accounting to the Government's basis of accounting.

These tables present consolidated financial information on consolidated parent Crown corporations and financial information on unconsolidated wholly-owned subsidiaries. The *President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada* includes a complete list of all parent Crown corporations, wholly-owned subsidiaries, other subsidiaries and associates.

Consolidated Crown corporations are also categorized as being either agents or non-agents of the Crown. Agency status may be expressly stated in the incorporating legislation or conferred under the provisions of the *Government Corporations Operation Act*. In accordance with section 54 of the *Financial Administration Act*, the payment of all money borrowed by consolidated agent Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Table 4.3 summarizes such borrowings for the consolidated corporations and the changes during the year ended March 31, 1996. Contingent liabilities of consolidated corporations are presented in Table 4.4.

A summary of financial assistance under Government budgetary appropriations to consolidated Crown corporations for the year ended March 31, 1996 is provided in Table 4.5. Differences in figures reported in Table 4.2 and those reported in Table 4.5 result from the use of different accounting policies and from items in transit.

TABLE 4.1

FINANCIAL POSITION OF CONSOLIDATED CROWN CORPORATIONS — ASSETS AND LIABILITIES
FOR THE YEAR ENDED MARCH 31, 1996
(in thousands of dollars)

| | Assets | | | |
|--|-----------|-----------------------------------|--------------------------------------|--------------|
| | Financial | Government and Crown corporations | Physical assets and deferred charges | Total assets |
| Crown corporations ⁽¹⁾ | | | | |
| Atomic Energy of Canada Limited ⁽²⁾ | 233,021 | 23,048 | 737,065 | 993,134 |
| Canada Council | 147,770 | 46,835 | 23,297 | 217,902 |
| Canada Lands Company Limited | | | | |
| Canada Lands Company Vieux-Port de Québec Inc. ⁽³⁾ | 494 | | | 494 |
| Old Port of Montreal Corporation Inc. | 1,938 | | 184 | 2,122 |
| Canada Museums Construction Corporation Inc. ⁽³⁾ | 42 | | | 42 |
| Canada Mortgage and Housing Corporation | | | | |
| Minister's Account | | | | |
| Canadian Broadcasting Corporation | 103,264 | 206,149 | 1,387,263 | 1,696,676 |
| Canadian Dairy Commission | | | | |
| Dairy Support Operation financed by the Government of Canada | | | | |
| Canadian Film Development Corporation | 19,607 | 24,789 | 3,389 | 47,785 |
| Canadian Museum of Civilization | 16,792 | 822 | 13,020 | 30,634 |
| Canadian Museum of Nature | 15,569 | 2,385 | 2,575 | 20,529 |
| Defence Construction (1951) Limited | 788 | 1,363 | 1,704 | 3,855 |
| Enterprise Cape Breton Corporation | 3,471 | 920 | 148 | 4,539 |
| Queens Quay West Land Corporation ⁽⁴⁾ | 3,693 | | 2,129 | 5,822 |
| International Development Research Centre | 40,406 | 182 | 5,725 | 46,313 |
| Jacques Cartier and Champlain Bridges Incorporated, The | 3,843 | 2,115 | 10,716 | 16,674 |
| Marine Atlantic Inc. | 31,446 | 123 | 336,563 | 368,132 |
| National Arts Centre Corporation | 5,238 | 126 | 11,964 | 17,328 |
| National Capital Commission | 48,827 | 1,223 | 357,118 | 407,168 |
| National Gallery of Canada | 4,500 | 6,612 | 8,610 | 19,722 |
| National Museum of Science and Technology | 3,736 | 506 | 6,749 | 10,991 |
| Standards Council of Canada | 1,787 | 677 | 943 | 3,407 |
| VIA Rail Canada Inc. | 55,049 | 65,224 | 653,383 | 773,656 |
| Total | 741,281 | 383,099 | 3,562,545 | 4,686,925 |
| Conversion to the Government accounting basis for consolidation purposes | 216 | | 3,562,545 | 3,562,761 |
| Total on the Government accounting basis | 741,065 | 383,099 | | 1,124,164 |

⁽¹⁾ All Crown corporations listed in this table are parent Crown corporations except the following: Canada Lands Company Vieux-Port de Québec Inc., Canada Museums Construction Corporation Inc., Old Port of Montreal Corporation Inc., and The Jacques Cartier and Champlain Bridges Incorporated.

⁽²⁾ After a review of its operation, it has been determined that Atomic Energy of Canada Limited meets the criteria of a consolidated Crown corporation and therefore is presented as such in this table.

⁽³⁾ The corporation is inactive.

⁽⁴⁾ Pursuant to Bill C-8, the dissolution of Queens Quay West Land Corporation has been delayed indefinitely.

| Liabilities | | | | | |
|---------------|-----------|--|----------------------|------------------------|---------------------------------------|
| Third parties | | Government and Crown corporations | Total liabilities | Equity of Canada | Total liabilities and equity |
| Borrowings | Other | | | | |
| 5,809 | 407,549 | 115,620 | 528,978 | 464,156 | 993,134 |
| | 66,192 | 652 | 66,844 | 151,058 | 217,902 |
| | 2 | 289 | 291 | 203 | 494 |
| | 2,074 | 37 | 2,111 | 11 | 2,122 |
| | 918 | | 918 | (876) | 42 |
| | 988,466 | 27,999 | 1,016,465 | 680,211 | 1,696,676 |
| | 12,177 | 4 | 12,181 | 35,604 | 47,785 |
| | 12,656 | 403 | 13,059 | 17,575 | 30,634 |
| | 5,015 | 9,881 | 14,896 | 5,633 | 20,529 |
| | 4,001 | 114 | 4,115 | (260) | 3,855 |
| | 1,793 | | 1,793 | 2,746 | 4,539 |
| | 2,555 | 45,800 | 48,355 | (42,533) | 5,822 |
| | 17,100 | 8,664 | 25,764 | 20,549 | 46,313 |
| | 3,111 | 39 | 3,150 | 13,524 | 16,674 |
| 8,065 | 350,761 | 18,865 | 377,691 | (9,359) | 368,132 |
| | 5,289 | 83 | 5,372 | 11,956 | 17,328 |
| | 41,524 | 10,411 | 51,935 | 355,233 | 407,168 |
| | 7,601 | 1,598 | 9,199 | 10,523 | 19,722 |
| | 3,375 | 522 | 3,897 | 7,094 | 10,991 |
| | 1,146 | 81 | 1,227 | 2,180 | 3,407 |
| | 122,709 | 7,494 | 130,203 | 643,453 | 773,656 |
| 13,874 | 2,056,014 | 248,556 | 2,318,444 | 2,368,481 | 4,686,925 |
| | 877,731 | (18,128) | 859,603 | 2,703,158 | 3,562,761 |
| 13,874 | 1,178,283 | 266,684 | 1,458,841 | (334,677) | 1,124,164 |

TABLE 4.2

REVENUES, EXPENSES AND OTHER CHANGES IN EQUITY OF CONSOLIDATED CROWN CORPORATIONS
FOR THE YEAR ENDED MARCH 31, 1996
(in thousands of dollars)

| Crown corporations | Third parties | Revenues | | |
|---|---------------|-----------------------------------|--------|-----------|
| | | Government and Crown corporations | | Total |
| | | Financial assistance | Other | |
| Atomic Energy of Canada Limited | 404,432 | 179,774 | 2,248 | 586,454 |
| Canada Council | 19,044 | 97,946 | 4,244 | 121,234 |
| Canada Lands Company Limited | | | | |
| Canada Lands Company Vieux-Port de Québec Inc. | | | | |
| Old Port of Montreal Corporation Inc. | 10,090 | 3,500 | | 13,590 |
| Canada Museums Construction Corporation Inc. | 99 | | | 99 |
| Canada Mortgage and Housing Corporation | | | | |
| Minister's Account | | 1,939,524 | | 1,939,524 |
| Canadian Broadcasting Corporation | 449,344 | 1,069,254 | 6,487 | 1,525,085 |
| Canadian Dairy Commission | | | | |
| Dairy Support Operation Financed | | | | |
| by the Government of Canada | | 210,499 | | 210,499 |
| Canadian Film Development Corporation | 28,257 | 108,957 | | 137,214 |
| Canadian Museum of Civilization | 9,267 | 46,204 | | 55,471 |
| Canadian Museum of Nature | 4,085 | 26,261 | | 30,346 |
| Defense Construction (1951) Limited | | 12,154 | 5,710 | 17,864 |
| Enterprise Cape Breton Corporation | 918 | | 26 | 944 |
| Queens Quay West Land Corporation | 3,032 | | | 3,032 |
| International Development Research Centre | 9,125 | 96,100 | 10,476 | 115,701 |
| Jacques Cartier and Champlain Bridges Incorporated, The | 837 | 28,445 | 12 | 29,294 |
| Marine Atlantic Inc. | 97,866 | 85,854 | 2,864 | 186,584 |
| National Arts Centre Corporation | 15,913 | | 524 | 16,437 |
| National Capital Commission | 24,531 | 90,594 | 13,216 | 128,341 |
| National Gallery of Canada | 5,508 | 34,436 | | 39,944 |
| National Museum of Science and Technology | 3,236 | 20,773 | 85 | 24,094 |
| Standards Council of Canada | 4,333 | 5,264 | 312 | 9,909 |
| VIA Rail Canada Inc. | 169,808 | 244,531 | 7,438 | 421,777 |
| Total | 1,259,725 | 4,300,070 | 53,642 | 5,613,437 |
| Conversion to the Government accounting | | | | |
| basis for consolidation purposes | 454,255 | 209,216 | | 663,471 |
| Total on the Government accounting basis | 1,713,980 | 4,509,286 | 53,642 | 6,276,908 |

Notes to Table 4.1 are an integral part of this table.

| Expenses | | | Net income (loss) | Equity beginning of year | Adjustments | Equity transactions with Government | | Equity end of year |
|------------------|--|-----------|----------------------|--------------------------------|-------------|--|-----------|--------------------------|
| Third parties | Government and Crown corporations | Total | | | | Dividends | Capital | |
| 595,389 | 987 | 596,376 | (9,922) | | 474,078 | | | 464,156 |
| 109,204 | | 109,204 | 12,030 | 124,368 | (57) | 14,717 | | 151,058 |
| | | | | 203 | | | | 203 |
| 12,739 | | 12,739 | 851 | (840) | | | | 11 |
| 1,847 | | 1,847 | (1,748) | 872 | | | | (876) |
| 1,851,290 | 88,234 | 1,939,524 | | | | | | |
| 1,671,308 | 13,580 | 1,684,888 | (159,803) | 738,599 | | | 101,415 | 680,211 |
| 210,499 | | 210,499 | | | | | | |
| 138,950 | 1,420 | 140,370 | (3,156) | 38,760 | | | | 35,604 |
| 50,124 | 3,369 | 53,493 | 1,978 | 15,597 | | | | 17,575 |
| 26,970 | 2,253 | 29,223 | 1,123 | 4,165 | | | 345 | 5,633 |
| 17,960 | | 17,960 | (96) | (164) | | | | (260) |
| 15,082 | 379 | 15,461 | (14,517) | 2,225 | | | 15,038 | 2,746 |
| 5,570 | 111 | 5,681 | (2,649) | (39,884) | | | | (42,533) |
| 121,181 | | 121,181 | (5,480) | 26,029 | | | | 20,549 |
| 29,812 | 655 | 30,467 | (1,173) | 14,638 | | | 59 | 13,524 |
| 184,162 | | 184,162 | 2,422 | (12,618) | 617 | | 20 | (9,559) |
| 36,032 | 1,271 | 37,303 | (20,866) | 13,136 | | | 19,686 | 11,956 |
| 86,083 | 14,945 | 101,028 | 27,313 | 327,920 | | | | 355,233 |
| 27,800 | 9,525 | 37,325 | 2,619 | 7,904 | | | | 10,523 |
| 16,203 | 6,093 | 22,296 | 1,798 | 5,296 | | | | 7,094 |
| 9,343 | 332 | 9,675 | 234 | 1,946 | | | | 2,180 |
| 400,601 | 47,138 | 447,739 | (25,962) | 625,970 | | | 43,445 | 643,453 |
| 5,618,149 | 190,292 | 5,808,441 | (195,004) | 1,894,122 | 474,638 | 14,717 | 180,008 | 2,368,481 |
| 864,144 | (135,781) | 728,363 | (64,892) | (1,968,903) | (474,638) | (14,717) | (180,008) | (2,703,158) |
| 6,482,293 | 54,511 | 6,536,804 | (259,896) | (74,781) | | | | (334,677) |

Borrowings by Consolidated Agent Crown Corporations

Table 4.3 summarizes the borrowing transactions by consolidated agent Crown corporations made on behalf of Her Majesty. This information is published to satisfy section 49 of the *Financial Administration Act* (FAA) which requires that an annual statement be included in the *Public Accounts of Canada*. The borrowings are

from lenders other than the Government. In accordance with section 54 of the FAA, the payment of all money borrowed by agent Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings are consolidated in the summary financial statements of Canada.

TABLE 4.3

BORROWINGS BY CONSOLIDATED AGENT CROWN CORPORATIONS (in thousands of dollars)

| | Balance April 1/1995 | Borrowings and other credits | Payments and other charges | Balance March 31/1996 |
|---------------------------------------|-------------------------|------------------------------------|----------------------------------|--------------------------|
| Atomic Energy of Canada Limited | | 5,809 | | 5,809 |

Notes to Table 4.1 are an integral part of this table.

Contingent Liabilities of Consolidated Crown Corporations

Table 4.4 summarizes the contingent liabilities of the consolidated Crown corporations. A contingent liability is defined as a potential liability which may become an actual liability when one or more future events occur or fail to occur.

TABLE 4.4

CONTINGENT LIABILITIES OF CONSOLIDATED CROWN CORPORATIONS (in thousands of dollars)

| | March 31/1996 |
|---|---------------|
| Agent Crown corporations | |
| Canada Lands Company Limited (Vieux-Port de Québec Inc.)—Miscellaneous litigation | 1,100 |
| Canada Museums Construction Corporation Inc.—Contract disputes | 325 |
| Defence Construction (1951) Limited—Contract disputes | 9,162 |
| International Development Research Centre—Contract dispute | 820 |
| National Capital Commission—Miscellaneous litigation and agreements | 14,916 |
| Canada Lands Company Limited (Old Port of Montreal Corporation Inc.)—Contract dispute | 2,000 |
| | 28,323 |
| Non-agent Crown corporations | |
| Marine Atlantic Inc.—Miscellaneous claims | 6,567 |
| Total | 34,890 |

Notes to Table 4.1 are an integral part of this table.

Financial Assistance Under Budgetary Appropriations to Consolidated Crown Corporations

Table 4.5 summarizes financial assistance under budgetary appropriations for both consolidated agent and non-agent Crown corporations. It should be read in conjunction with Table 4.2. The purpose for which payments have been made under budgetary appropriations is segregated between: (a) amounts to cover operating expenses and (b) amounts for capital expenditures.

All amounts reported represent charges to appropriations or authorities approved by Parliament.

TABLE 4.5

FINANCIAL ASSISTANCE UNDER BUDGETARY APPROPRIATIONS TO CONSOLIDATED CROWN CORPORATIONS
FOR THE YEAR ENDED MARCH 31, 1996
(in thousands of dollars)

| | Financial assistance under budgetary appropriations ⁽¹⁾ | Purpose | |
|---|---|------------|-------------------------|
| | | Operations | Capital expenditures |
| <i>Agent Crown corporations</i> | | | |
| Atomic Energy of Canada Limited | 174,594 | 174,594 | |
| Canada Lands Company Limited | | | |
| Old Port of Montreal Corporation Inc. | 3,500 | 3,500 | |
| Canada Mortgage and Housing Corporation ⁽²⁾ | 1,939,524 | 1,939,524 | |
| Canadian Broadcasting Corporation | 1,170,669 | 1,073,254 | 97,415 |
| Canadian Dairy Commission | 206,690 | 206,690 | |
| Canadian Film Development Corporation | 108,987 | 108,987 | |
| Canadian Museum of Civilization | 46,204 | 46,204 | |
| Canadian Museum of Nature | 26,821 | 26,821 | |
| Defence Construction (1951) Limited | 12,299 | 12,299 | |
| Enterprise Cape Breton Corporation | 15,038 | 15,038 | |
| National Capital Commission | 98,614 | 73,767 | 24,847 |
| National Gallery of Canada | 33,574 | 3,000 | 30,574 |
| National Museum of Science and Technology | 20,773 | 20,773 | |
| | 3,857,287 | 3,704,451 | 152,836 |
| <i>Non-agent Crown corporations</i> | | | |
| Canada Council | 97,946 | 97,946 | |
| International Development Research Centre | 96,100 | 96,100 | |
| Jacques Cartier and Champlain Bridges Incorporated, The | 28,540 | 28,540 | |
| Marine Atlantic Inc. | 99,984 | 99,984 | |
| National Arts Centre Corporation | 19,685 | 19,685 | |
| Standards Council of Canada | 5,264 | 5,264 | |
| Queens Quay West Land Corporation | 7,500 | 7,500 | |
| VIA Rail Canada Inc. | 300,977 | 300,977 | |
| | 655,996 | 655,996 | |
| Total | 4,513,283 | 4,360,447 | 152,836 |

⁽¹⁾ Excludes grants and contributions paid to agent and non-agent Crown corporations where they qualify as members of a general class of recipients.

⁽²⁾ Includes budgetary appropriations for Government programs known as the "Minister's account".

CONSOLIDATED SPECIFIED PURPOSE ACCOUNTS

Consolidated specified purpose accounts are special categories of revenues and expenditures which report transactions of certain accounts where enabling legislation requires that revenues be earmarked, and that related payments and expenditures be charged against such revenues. They are used principally where the activities are similar in nature to departmental activities and the transactions do not represent liabilities to third parties but in essence constitute Government revenues and expenditures.

In the past, earmarked revenues were credited to non-budgetary accounts, with related offsetting payments and expenditures charged thereto. The transactions of these accounts are now reported with revenues and expenditures, in

order to provide a more comprehensive reporting of the Government's operating results.

Further, enabling legislation requires that the transactions in each of these accounts be accounted for separately. Table 4.6 presents a summary of the balances and transactions of these accounts, in the manner required by legislation. A narrative description is provided for accounts reported in Table 4.6. Such description follows the same presentation order as the respective table.

The financial statements of the Unemployment Insurance Account, together with the Auditor General's report thereon, are presented at the end of this section.

TABLE 4.6

CONSOLIDATED SPECIFIED PURPOSE ACCOUNTS

| | April 1/1995 | Receipts and other credits | | Payments and other charges | | March 31/1996 |
|---|------------------------|----------------------------|-----------------------|----------------------------|-----------------------|------------------------|
| | | External transactions | Internal transactions | External transactions | Internal transactions | |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Major Accounts— | | | | | | |
| Agriculture and Agri-Food— | | | | | | |
| Western Grain Stabilization | | | | | | |
| Account | 21,708,886 | | | (2,026,970) | | 23,735,856 |
| Less: interest-bearing loans | 1,112,000,000 | | | | | 1,112,000,000 |
| | (1,090,291,114) | | | (2,026,970) | | (1,088,264,144) |
| Crop Reinsurance Fund | 100,166,143 | 56,707,544 | | (1,265,602) | | 158,139,289 |
| Less: interest-bearing loans | 443,156,751 | | | | | 443,156,751 |
| | (342,990,608) | 56,707,544 | | (1,265,602) | | (285,017,462) |
| Agricultural Commodities | | | | | | |
| Stabilization Accounts | 38,639,026 | 19,652,740 | 6,043,142 | 31,228,009 | | 33,106,899 |
| | (1,394,642,696) | 76,360,284 | 6,043,142 | 27,935,437 | | (1,340,174,707) |
| Human Resources Development— | | | | | | |
| Unemployment Insurance Account, Table 4.7 | (499,378,862) | 18,509,540,040 | 494,410,164 | 14,863,270,478 | 3,614,259,339 | 27,041,525 |
| Less: interest-bearing loans | 3,386,400,000 | | | | 3,386,400,000 | |
| | (3,885,778,862) | 18,509,540,040 | 494,410,164 | 14,863,270,478 | 227,859,339 | 27,041,525 |
| Total major accounts | (5,280,421,558) | 18,585,900,324 | 500,453,306 | 14,891,205,915 | 227,859,339 | (1,313,133,182) |
| Insurance Accounts— | | | | | | |
| Finance— | | | | | | |
| Investors' Indemnity Account | 50,977 | | | 5,674 | | 45,303 |
| Fisheries and Oceans— | | | | | | |
| Fishing Vessel Insurance Plan | 29,341,361 | 2,720,622 | | 3,503,639 | | 28,558,344 |
| Health— | | | | | | |
| Health Insurance Supplementary Account | 28,387 | | | | | 28,387 |
| Natural Resources— | | | | | | |
| Atomic Energy Control | | | | | | |
| Board— | | | | | | |
| Nuclear Liability | | | | | | |
| Reinsurance Account | 541,521 | 2,800 | | | | 544,321 |
| Transport— | | | | | | |
| Ship-Source | | | | | | |
| Oil Pollution | | | | | | |
| Fund | 233,260,548 | | 17,075,258 | 3,002,726 | | 247,333,080 |
| Total insurance accounts | 263,222,794 | 2,723,422 | 17,075,258 | 6,512,039 | | 276,509,435 |

TABLE 4.6

CONSOLIDATED SPECIFIED PURPOSE ACCOUNTS—Continued

| | Receipts and other credits | | Payments and other charges | | March 31/1996 |
|---|----------------------------|-----------------------|----------------------------|-----------------------|-----------------------|
| | April 1/1995 | External transactions | Internal transactions | External transactions | Internal transactions |
| | \$ | \$ | \$ | \$ | \$ |
| Other Specified Purpose Accounts— | | | | | |
| Canadian Heritage— | | | | | |
| Alexander Graham Bell National Historic Site | 5,933 | | | | 5,933 |
| Claudia de Hueck Bequest Account | 371,643 | 22,336 | | 15,000 | 378,979 |
| Marconi Celebration Trust Fund | 11,765 | 27,500 | | 30,761 | 8,504 |
| National Archives of Canada— | | | | | |
| Donations | 186,032 | 261,329 | | 196,427 | 250,934 |
| National Battlefields Commission— | | | | | |
| Trust Fund Account | 234,568 | 432,575 | 15,668 | 342,064 | 340,747 |
| National Library— | | | | | |
| Special Operating Account | 50,288 | 134,860 | | 117,174 | 67,974 |
| | 860,229 | 878,600 | 15,668 | 701,426 | 1,053,071 |
| Environment— | | | | | |
| Endangered Species—Donations | (25) | 164 | | | 139 |
| Fish Habitat Restoration | | | | | |
| Account | 826,418 | 35,000 | | | 861,418 |
| | 826,393 | 35,164 | | | 861,557 |
| Finance— | | | | | |
| Canadian Commercial Bank and Northland Bank Holdback Account | 246,223,464 | | | | 246,223,464 |
| Fisheries and Oceans— | | | | | |
| Supplementary Fines Fish | | | | | |
| Account | 31,500 | 53,500 | | 23,514 | 61,486 |
| Governor General— | | | | | |
| Friends of Rideau Hall Account | 1,857 | 144,425 | | 120,110 | 26,172 |
| Health— | | | | | |
| Sioux Lookout Zone Hospital | 394 | 238 | | 632 | |
| Dawson City Nursing Station— | | | | | |
| Father Judge Memorial | | 60,336 | | 521 | 59,815 |
| Medical Research Council— | | | | | |
| Donations for Research | 1,325,363 | 2,006,979 | 42,321 | 818,706 | 2,555,957 |
| | 1,325,757 | 2,067,553 | 42,321 | 819,859 | 2,615,772 |
| Human Resources Development— | | | | | |
| Canadian Centre for Occupational Health and Safety—Donations | 78,296 | | | (955) | 79,251 |
| Indian Affairs and Northern Development— | | | | | |
| Environmental Studies | | | | | |
| Research Fund | 193,967 | 36,479 | | 50,000 | 180,446 |
| Industry— | | | | | |
| National Research Council of Canada— | | | | | |
| H. L. Holmes Fund | 40,366 | 79,884 | | 97,198 | 23,052 |
| Natural Sciences and Engineering Research Council—Donation Trust Fund | 75,548 | 47,730 | | 123,278 | |
| | 115,914 | 127,614 | | 220,476 | 23,052 |
| Natural Resources— | | | | | |
| Environmental Studies | | | | | |
| Research Fund | 302,441 | 160,000 | | 191,125 | 271,316 |
| Privy Council— | | | | | |
| Canadian Transportation Accident Investigation and Safety Board— | | | | | |
| Flight Recorder Software | | | | | |
| Systems Account | | 20,294 | | | 20,294 |
| National Round Table on the | | | | | |
| Environment and Economy—Donations ... | 126,302 | 196,542 | | 252,250 | 70,594 |
| | 126,302 | 216,836 | | 252,250 | 90,888 |

TABLE 4.6

CONSOLIDATED SPECIFIED PURPOSE ACCOUNTS—*Concluded*

| | April 1/1995 | Receipts and other credits | | Payments and other charges | | March 31/1996 |
|--|-----------------|----------------------------|-----------------------|----------------------------|-----------------------|---------------|
| | | External transactions | Internal transactions | External transactions | Internal transactions | |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Public Works and Government Services— | | | | | | |
| Seized Property Proceeds | | | | | | |
| Account | 6,420,071 | 9,834,250 | | 1,158,825 | | 15,095,496 |
| Transport— | | | | | | |
| Fines for the Transportation of | | | | | | |
| Dangerous Goods | 51,549 | 40,000 | | 81,856 | | 9,693 |
| Total other specified purpose accounts | 256,557,740 | 13,594,421 | 57,989 | 3,618,486 | | 266,591,664 |
| Total | (4,760,641,024) | 18,602,218,167 | 517,586,553 | 14,901,336,440 | 227,859,339 | (770,032,083) |

Western Grain Stabilization Account

The purpose of the *Western Grain Stabilization Act* was to protect prairie grain producers from unexpected and large income declines, through the stabilization of returns on the production and sale of wheat, oats, barley, rye, domestic mustard seed, canola, flax seed, triticale, mixed grain, sunflower seed, buckwheat, peas, lentils, favabeans and canary seed as well as any other prescribed seed that was produced in the designated area and was a grain for which a grade has been established and designated as "Canada Western" by regulation under the *Canada Grain Act*.

This account recorded funds which were received from:

- (a) levies paid by participating producers—levy rate ranging from 1 percent to 4 percent were applied to a participant's grain sales proceeds not exceeding \$60,000 per year;
- (b) Government contributions were equal to levies paid by producers plus an additional 2 percent of the participant's eligible grain sales proceeds of all participants on which the levy was paid by participants;
- (c) interest on the amount that was standing to the credit of the Account at rates and in accordance with the terms and conditions which were determined by the Minister of Finance; and,

- (d) advances from the Consolidated Revenue Fund, pursuant to section 45 of the *Western Grain Stabilization Act* when the balance in the Account was not sufficient for the payment of the stabilization payments and other amounts required to be charged to the Account pursuant to section 44 of the *Western Grain Stabilization Act*.

The outstanding advance in the Account is presently being renegotiated. Treatment of the Account's deficit upon termination of the Western Grain Stabilization Account is subject to the provision of subsection 24(3) of the *Farm Income Protection Act*: "The Governor in Council may, by order, fix the day on which the Western Grain Stabilization Account continued pursuant to subsection (1) shall be closed." The *Western Grain Stabilization Act* has been repealed and replaced by the *Farm Income Protection Act* effective April 1, 1991.

Payments and other charges to outside parties of -\$2.0 million (-\$1.3 million in 1995) are reported and presented in the Statement of Revenues and Expenditures.

Crop Reinsurance Fund

This Fund, continued in the accounts of Canada pursuant to section 13(1) of the *Farm Income Protection Act*, provides insurance to participating provinces for costs they incur in operating various crop insurance schemes. The Crop Reinsurance Fund currently operates under the authority of the *Farm Income Protection Act*.

The revenues of the Fund come from moneys paid by the provinces for the purpose of reinsurance and the expenditures of the Fund are moneys paid to the provinces under the terms of reinsurance agreements. When there is insufficient revenues in the Fund to meet payments, the Minister of Finance advances additional funds to cover these obligations. These advances are recovered without interest from future revenues from the provinces.

Receipts and other credits from outside parties of \$57 million (\$65 million in 1995) are reported as revenues, while payments and other charges show a credit of \$1.3 million, due to recovery of previous payments (\$557,000 in 1995), are reported as expenditures in the Statement of Revenues and Expenditures.

Agricultural Commodities Stabilization Accounts

The purpose of these accounts is to reduce income loss to producers from market risks through stabilizing prices. Premiums are shared equally by the Government of Canada, the governments of participating provinces and participating producers. These premiums should equal the total paid over time. There are several active accounts as follows:

- (a) hogs;
- (b) feeder cattle;
- (c) slaughter cattle;
- (d) feeder calves;
- (e) home-raised lambs;
- (f) ewe flock;
- (g) apples;
- (h) white pea beans;
- (i) kidney/cranberry beans;
- (j) other coloured beans;
- (k) sugar beets;
- (l) honey; and,
- (m) onions.

These accounts are continued in the accounts of Canada pursuant to section 16(2) of the *Farm Income Protection Act*. The *Agricultural Stabilization Act*, under which the commodity accounts formerly operated, has been repealed and replaced by the *Farm Income Protection Act* effective April 1, 1991.

Receipts and other credits from outside parties of \$20 million (\$61 million in 1995) are reported as revenues, while payments and other charges to outside parties of \$31 million (\$129 million in 1995) are reported as expenditures in the Statement of Revenues and Expenditures.

Receipts and other credits of \$6 million (\$11 million in 1995), and payments and other charges of \$nil million (\$26 million in 1995), internal to the operations of the Government, have been eliminated in order to present transactions with outside parties.

Unemployment Insurance Account

The *Unemployment Insurance Act* provides for a compulsory contributory unemployment insurance program applicable to all employees, with few exceptions.

The Act authorizes that an account be established in the accounts of Canada to be known as the Unemployment Insurance Account.

The Act provides that the following be credited to the Account: (a) premiums, penalties and interest; (b) refunds of overpayments of benefits and, since November 18, 1990, special assistance payments and benefit repayments; (c) amounts for services rendered to other Government departments or agencies, or to the public; (d) amounts provided for any other purpose related to unemployment insurance and authorized by an appropriation administered by the Canada Employment and Immigration Commission; and, (e) interest on the balance of the Account at such rates as the Minister of Finance may authorize.

The Act also provides that the following be charged to the Account: (a) benefits and, since November 18, 1990, special assistance payments paid under the Act; (b) costs of administering the Act; and, (c) interest on advances made by the Minister of Finance.

Maximum weekly employee premiums were \$24.45 from April 1, 1995 to December 31, 1995 and \$22.13 from January 1, 1996 to March 31, 1996. Maximum weekly benefits were \$448 from April 1, 1995 to December 31, 1995 and \$465 from January 1, 1996 to March 31, 1996.

Receipts and other credits from outside parties of \$18,510 million (\$18,928 million in 1995) are reported as revenues, while payments and other charges to outside parties of \$14,863 million (\$16,245 million in 1995) are reported as expenditures in the Statement of Revenues and Expenditures.

Receipts and other credits of \$494 million (\$504 million in 1995), and payments and other charges of \$3,614 million (\$3,142 million in 1995), internal to the operations of the Government, have been eliminated in order to present transactions with outside parties.

Table 4.7 presents a statement of the transactions in the Unemployment Insurance Account. Notwithstanding the accounting policies of the Government, the data in Table 4.7, except for administration costs, are presented on a cash basis. This method is used to permit a direct reconciliation of data with the accounts of Canada and the data in Table 4.6. For the purpose of presentation in the financial statements of the Government of Canada, adjusting entries have been brought to these accounts in order to conform to the stated accounting policies.

The unemployment insurance benefits as reported in Table 4.7 (\$13,512 million) differ from the benefits (\$13,476 million) reported in the Statement of Revenues and Expenditures (Section 1 of this volume). The difference is attributed to further adjustments due to the provision for valuation (\$33 million) and the unemployment insurance benefits recovery of \$3 million through the Income Tax System.

TABLE 4.7

TRANSACTIONS IN THE UNEMPLOYMENT INSURANCE ACCOUNT

(in millions of dollars)

| | 1995-96 | 1994-95 |
|------------------------------------|---------|---------|
| RECEIPTS AND OTHER CREDITS— | | |
| Premiums— | | |
| Employers and employees | 18,921 | 19,371 |
| Penalties | 47 | 44 |
| Interest earned | 35 | 17 |
| | 19,003 | 19,432 |
| PAYMENTS AND OTHER CHARGES— | | |
| Benefits | 13,512 | 14,961 |
| Administration costs | 1,351 | 1,285 |
| Interest expense | 228 | 423 |
| | 15,091 | 16,669 |
| Net change | 3,912 | 2,763 |
| Repayments | (3,386) | (2,718) |
| Balance at beginning of year | (499) | (544) |
| Balance at end of year | 27 | (499) |

Insurance Accounts

For the following Insurance Accounts, receipts and other credits from outside parties of \$3 million (\$6 million in 1995) are reported as revenues, while payments and other charges to outside parties of \$7 million (\$7 million in 1995) are reported as expenditures in the Statement of Revenues and Expenditures.

Receipts and other credits of \$17 million (\$19 million in 1995), internal to the operations of the Government, have been eliminated in order to present transactions with outside parties.

Investors' Indemnity Account

Section 57 of the *Financial Administration Act* provides for this account, and for the crediting thereto of the sum of \$25,000, such further amounts as are appropriated by Parliament for the purpose of this section, and any recovery of losses referred to in section 58 of the Act. This sum was increased to \$50,000 by Treasury Board Submission No 817667 dated December 12, 1991.

Section 58 states that the Minister may, in accordance with and subject to regulations, pay out of the account, any losses sustained by subscribers for Government securities, who have paid all or part of the purchase price but have not received the security or repayment of the amount so paid, and losses sustained by any person in the redemption of securities.

Fishing Vessel Insurance Plan

The Fishing Vessel Insurance Plan is administered in accordance with Vote 540, *Appropriation Act No. 5, 1955*, extended by Vote 527, *Appropriation Act No. 6, 1956* and Vote L38b, *Appropriation Act No 1, 1970*, to insure fishermen against abnormal capital losses. The account is credited with premiums and recoveries, and with advances in accordance with the regulations, such advances not to exceed \$150,000 at any time. The account is charged with indemnities, refunds of premiums and payments in settlement of third party vessel collision damage claims against fishermen where the collision involves a vessel insured under the Fishing Vessel Insurance Plan.

Health Insurance Supplementary Account

This account was established pursuant to Vote L16b, *Appropriation Act No. 2, 1973*, to record payments in respect of persons who, through no fault of their own, have lost or been unable to obtain coverage for the insured health services under the *Canada Health Act*, and in accordance with the Federal-Provincial Agreement on Eligibility and Portability. Contributions are made by all provinces to the account in proportion to population and are matched by the Federal Government.

Nuclear Liability Reinsurance Account

This account was established pursuant to sections 16 and 17 of the *Nuclear Liability Act*, to record premiums and to provide for payment of claims arising from accidents at an insured facility.

Ship-Source Oil Pollution Fund

This account was established pursuant to section 702 of the *Canada Shipping Act*, to record levy tonnage payments for oil carried by ships in Canadian waters. Maritime pollution claims, the fee of the Fund Administrator, and related oil pollution control expenses, are to be financed out of the Fund.

Other Specified Purpose Accounts

For the following Other Specified Purpose Accounts, receipts and other credits from outside parties of \$14 million (\$11 million in 1995) are reported as revenues, while payments and other charges to outside parties of \$4 million (\$7 million in 1995) are reported as expenditures in the Statement of Revenues and Expenditures.

Receipts and other credits of \$57,989 (\$117,147 in 1995), internal to the operations of the Government, have been eliminated in order to present transactions with outside parties.

Alexander Graham Bell National Historic Site

This account was established to accept donations from various companies of the Canadian telecommunications industry for the redevelopment of the Alexander Graham Bell National Historic Site. These donations will be used for the construction of facilities for disabled visitors in addition to improving the reception, orientation and special events services.

Claudia de Hueck Bequest Account

This account was established pursuant to section 15 of the *Science Council of Canada Act*, to record a bequest made by Mrs. Claudia de Hueck to be used to promote the study of humanities and for general educational purposes.

Marconi Celebration Trust Fund

This account was established for the purpose of raising moneys through public subscriptions and others to construct, operate and maintain a National Historic Site in Glace Bay, Nova Scotia to commemorate the efforts and accomplishments of Guglielmo Marconi in the field of wireless communications.

National Archives of Canada—Donations

This account was established pursuant to section 10 of the *National Archives Act*, to record monies received for the purposes of the National Archives, by way of donations, bequest or otherwise. Amounts received for the purposes of the *National Archives Act* may be paid out of this account, or out of money appropriated by Parliament for such purposes.

National Battlefields Commission—Trust Fund Account

This account was established at the creation of the National Battlefields Commission for the purpose of acquiring various properties for the development of the park. The moneys are received by way of private contributions, from municipal corporations, provincial governments and others, and deposited for the purposes of the Commission, as prescribed for in its Act of incorporation. Following the land acquisitions of the Commission, an amount of money remained in the account and increased over a period of years as a result of interest earned, while the Commission was listed in Schedule C of the *Financial Administration Act*, prior to September 1, 1984.

National Library—Special Operating Account

This account was established pursuant to section 14 of the *National Library Act*, which also directed that (a) the account be credited with all money received for the purpose of the National Library by way of donation, bequest or otherwise and (b) any amounts required for the purpose of the Act may be paid out of the account or out of money appropriated by Parliament for such purposes.

Endangered Species—Donations

This account was established to record donations, gifts or bequests received from individuals and organizations to finance various studies related to Endangered Species.

Fish Habitat Restoration Account

This account was established pursuant to section 79(2) of the *Fisheries Act*, for a specified purpose; this purpose being:

Québec: Together with the "Fondation de la faune du Québec" and the Department of Leisure, Fish and Game of Quebec, the restoration of wildlife habitats, notably wetlands, water levels control, acquisition of shorelands, restoration of spawning grounds damaged by encroachment on the St. Lawrence River and release of trout and other fish species in these spawning grounds being restored;

Northwest Territories: To promote the conservation of fish or fish habitat in the waters of or adjacent to the Northwest Territories. It may include the design, construction or operation of an aquarium at Iqaluit or the funding or conduct of programs approved by the Department of Environment Canada related to sewage waste treatment and disposal in relation to the Northwest Territories; and,

Manitoba: To promote the conservation of fish or fish habitat in or adjacent to the Winnipeg River System.

Canadian Commercial Bank and Northland Bank Holdback Account

This account was established to record the amount held from the recovery of monies received from the winding up of Canadian Commercial Bank and Northland Bank.

During 1995-96, no claims have been received for potential payments from the holdback.

Supplementary Fines Fish Account

The account was established to record the deposit of monies received from persons declared guilty of offences under the *Fisheries Act*, and fined by courts under subsection 79.2 (f) of the Act.

Friends of Rideau Hall Account

This account was established to record gifts, donations or bequests to Rideau Hall from private organizations and individuals to fund Heritage projects.

Sioux Lookout Zone Hospital

This account was established to record transactions relating to a donation made by the Hospital for Sick Children Foundation to be used to finance a paediatric play program volunteer service at Sioux Lookout Zone Hospital.

Dawson City Nursing Station—Father Judge Memorial

The account was established to record an amount received as an unconditional gift for use at Dawson City Nursing Station—Father Judge Memorial. The gift given by Mr. Ole Sigur Lunde of Dawson City, Yukon Territory will be disbursed for the specified purpose (i.e. Dawson City Nursing Station—Father Judge Memorial) in accordance with the mandate of Health Canada.

Medical Research Council — Donations for Research

This account was established under section 5(3) of the *Medical Research Council Act* to record donations and contributions received from organizations and individuals for biomedical research.

Canadian Centre for Occupational Health and Safety—Donations

This account was established pursuant to section 6(3) of the *Canadian Centre for Occupational Health and Safety Act*, to record moneys, securities or other property received by way of gift, bequest or otherwise, and to disburse such donations at the discretion of the Centre.

Indian Affairs and Northern Development—Environmental Studies Research Fund

This account was established pursuant to section 76(1) of the *Canada Petroleum Resources Act*. The purpose of the Fund is to finance environmental and social studies pertaining to the manner in which, and the terms and conditions under which, exploration development and production activities on frontier land, authorized under this Act or any other Act of Parliament, should be conducted.

H.L. Holmes Fund

This account was established pursuant to section 13(1)(f) of the *National Research Council Act* to record the residue of the estate of H. L. Holmes. Up to two thirds of the yearly net income from the fund shall be used to finance the H. L. Holmes Award on an annual basis. These awards will provide the opportunity to Post-Doctoral students to study at world famous Graduate School or Research Institutes under outstanding research persons.

Natural Sciences and Engineering Research Council—Donation Trust Fund

This account was established by the *Natural Sciences and Engineering Research Council Act (1978)* to record monies, securities or other property received by way of gift, bequest or otherwise as approved by the Natural Sciences and Engineering Research Council. The account is charged with payments and with the disposal of such monies, securities or other property, subject to the terms upon which such monies are given, bequeathed or otherwise made available to the Council, and subject to the approval of the Council.

Natural Resources—Environmental Studies Research Fund

This account was established pursuant to section 76(1) of the *Canada Petroleum Resources Act*. The purpose of the Fund is to finance environmental and social studies pertaining to the manner in which, and the terms and conditions under which, exploration development and production activities on frontier land, authorized under this Act or any other Act of Parliament, should be conducted.

Flight Recorder Software Systems Account

This account was established to record donations in the form of cash from other government safety organizations who have acquired a software system which was developed by the Canadian Transportation Accident Investigation and Safety Board for use in aircraft accident investigations for the purpose of advancing aviation safety.

National Round Table on the Environment and Economy—Donations

This account was established to record grants and donations received from third parties, and expenses to finance various studies related to the principles of sustainable development in Canada and internationally.

Seized Property Proceeds Account

This account was established pursuant to section 13 of the *Seized Property Management Act*, to record the net proceeds received from the disposition of seized and forfeited properties to Her Majesty or fines imposed and also monies received from the government of foreign states pursuant to agreements for the purpose of the Act. The Act also provides that the following be charged to the Account: operating expenses incurred in carrying out the purpose of the Act, amounts paid as a result of claims and repayments of advances from the Minister of Finance, interest on drawdown from Seized Property Working Capital Account and distribution of the proceeds to other Government departments and the Consolidated Revenue Fund.

Fines for the Transportation of Dangerous Goods

This account was established pursuant to the *Transportation of Dangerous Goods Act 1992* and related regulations to record fines levied by courts.

SUPPLEMENTARY STATEMENT

Unemployment Insurance Account

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The following financial statements have been prepared by Management of the Canada Employment and Insurance Commission (formerly the Canada Employment and Immigration Commission) in accordance with the accounting policies set out in Note 2 to the financial statements. The integrity and objectivity of the data and the estimates of importance in these financial statements are Management's responsibility. Management is also responsible for all other information in the departmental annual report and for ensuring that this information is consistent, where appropriate, with the information and data contained in the financial statements of the Unemployment Insurance Account.

In support of its responsibility, Management has developed and maintains books of account, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information, and to ensure that transactions are in accordance with the *Unemployment Insurance Act* and Regulations, as well as the *Financial Administration Act* and Regulations.

The Unemployment Insurance Account's external auditor, the Auditor General of Canada, audits the operations and financial statements and reports to the Minister of Human Resources Development.

MEL CAPPE
Chairperson

DAVID A. GOOD
*Assistant Deputy Minister
Financial and Administrative Services*

July 19, 1996

AUDITOR'S REPORT

TO THE MINISTER OF HUMAN RESOURCES DEVELOPMENT

I have audited the balance sheet of the Unemployment Insurance Account as at December 31, 1995 and the statement of operations and surplus for the year then ended. These financial statements are the responsibility of the Management of the Canada Employment and Insurance Commission (formerly the Canada Employment and Immigration Commission). My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Unemployment Insurance Account as at December 31, 1995 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies set out in Note 2 to the financial statements.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
July 19, 1996

Unemployment Insurance Account—Continued

BALANCE SHEET AS AT DECEMBER 31, 1995
(in thousands of dollars)

| ASSETS | 1995 | 1994 | LIABILITIES AND SURPLUS | 1995 | 1994 |
|---|-----------|---------|-------------------------------------|-----------|-------------|
| Balance of the account with Receiver General for Canada | 931,107 | 68,481 | Unredeemed warrants | 235,187 | 217,965 |
| Premiums receivable | 454,892 | 377,091 | Amounts payable (Note 4) | 263,306 | 187,745 |
| Due from claimants (Note 3) | 361,277 | 380,362 | Accrued benefits | 582,744 | 616,190 |
| | | | Advances from Canada (Note 5) | | 3,405,264 |
| | | | | 1,081,237 | 4,427,164 |
| | | | Surplus (Deficit) | 666,039 | (3,601,230) |
| | 1,747,276 | 825,934 | | 1,747,276 | 825,934 |

The accompanying notes and schedule are an integral part of these financial statements.

Approved by the Commission:

MEL CAPPE
Chairperson

DAVID A. GOOD
Assistant Deputy Minister
Financial and Administrative Services

STATEMENT OF OPERATIONS AND SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 1995
(in thousands of dollars)

| | 1995 | 1994 |
|--|-------------|-------------|
| Revenue | | |
| Premiums (Note 6) | 19,179,892 | 19,327,091 |
| Penalties | 83,446 | 82,284 |
| Interest on the balance of the account with Receiver General for Canada | 27,621 | 15,173 |
| | 19,290,959 | 19,424,548 |
| Expenses | | |
| Benefits and developmental uses programs (Note 7 and Schedule I) | 13,504,986 | 15,463,452 |
| Administration costs (Note 8) | 1,331,081 | 1,293,581 |
| Interest on advances from Canada | 109,671 | 325,284 |
| Doubtful debts | 77,952 | 59,474 |
| | 15,023,690 | 17,141,791 |
| Surplus for the year | 4,267,269 | 2,282,757 |
| Deficit at beginning of the year | (3,601,230) | (5,883,987) |
| Surplus (Deficit) at the end of the year | 666,039 | (3,601,230) |

The accompanying notes and schedule are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995

1. Authority, objective and responsibilities

The Canada Employment and Immigration Commission, a departmental corporation named in Schedule II to the *Financial Administration Act*, administers the *Unemployment Insurance Act* (the Act). The objective of the Act is to provide short-term financial relief and other assistance to eligible workers. The financial transactions relating to this objective are reported through the Unemployment Insurance Account.

The Unemployment Insurance Account was established in the accounts of Canada by the Act. All amounts received under the Act are deposited in the Consolidated Revenue Fund and credited to the Account. The benefits and the costs of administration of the Act are paid out of the Consolidated Revenue Fund and charged to the Account.

The Minister of National Revenue is responsible for collecting premiums from employers and employees, and for administering and enforcing the provisions of the Act relating to benefit repayments to be received from higher income claimants. Under the terms of the Act, a claimant with higher income is one whose income exceeds 1.5 times the maximum yearly insurable earnings.

Unemployment Insurance Account—Continued

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1995—Continued

2. Accounting policies

All financial transactions affecting the Unemployment Insurance Account are governed by the Act and/or the Regulations.

a) Basis of accounting

Revenues and expenses are recorded on the accrual basis of accounting.

b) Premiums

Premiums are based on an estimate of the amount to be collected that relates to the year and include adjustments between actual and estimated premiums of previous years.

c) Benefits

Benefits represent the benefits to be paid to claimants for the period of unemployment during the year less benefit overpayments established by the Commission during the year, and estimated benefit repayments to be received from higher income claimants.

d) Administration costs

The costs of administration of the Act are based on an estimate of actual costs incurred by the Commission during the year for administering the Unemployment Insurance Account.

3. Due from claimants

| | 1995 | 1994 |
|---|---------------------------|---------|
| | (in thousands of dollars) | |
| Balance of benefit overpayments and penalties..... | 573,821 | 529,801 |
| Less: allowance for doubtful debts..... | 235,682 | 197,834 |
| | 338,139 | 331,967 |
| Estimated benefit repayments to be received from higher income claimants..... | 23,138 | 48,395 |
| | 361,277 | 380,362 |

Uncollectable benefit overpayments and penalties written off during the year amounted to \$40 million (\$31 million in 1994).

Continuous efforts have been made by the Commission in detecting overpayments on claims processed during the current and preceding years and, where necessary, imposing penalties. During 1995, overpayments and penalties totalling \$432 million (\$442 million in 1994) were established. During the year, \$348 million have been recovered (\$343 million in 1994).

4. Amounts payable

| | 1995 | 1994 |
|---|---------------------------|---------|
| | (in thousands of dollars) | |
| To Canada | | |
| Administration costs..... | 131,818 | 36,866 |
| Course and program costs and supplementary allowances.... | 115,612 | 133,321 |
| Tax deductions from warrants.... | 9,081 | 8,888 |
| Recoupments from warrants..... | 2,129 | 2,116 |
| | 258,640 | 181,191 |
| To provinces | | |
| Recoupments from warrants..... | 2,947 | 5,615 |
| Quebec tax deductions from warrants..... | 1,719 | 939 |
| | 4,666 | 6,554 |
| | 263,306 | 187,745 |

5. Advances from Canada

Where the balance of the Account is insufficient for the payment of benefits and costs of administration of the Act, the Minister of Finance, when requested by the Commission, may authorize the advance of funds from the Consolidated Revenue Fund.

These advances are contracted by means of promissory notes which bear interest at an annual rate compounded semi-annually. The advances, bearing interest at rates varying from 4.38 percent to 8.13 percent, were completely reimbursed during the current year and the balance as at December 31 consisted of:

| | 1995 | 1994 |
|-------------------------|---------------------------|-----------|
| | (in thousands of dollars) | |
| Principal repayable in: | | |
| 1995..... | | 667,000 |
| 1996..... | | 2,615,000 |
| | | 3,282,000 |
| Accrued interest..... | | 123,264 |
| | | 3,405,264 |

Unemployment Insurance Account—Continued

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995—Continued

6. Premiums

Premiums are established based on an estimate of insurable earnings for 1995. Calculation of insurable earnings is based on a formula using many factors such as previous year's total insurable earnings, the growth in the number of paid workers and in the average weekly earnings. Although the Commission uses the most recent data and statistics in the calculation, a variation in the estimated insurable earnings may happen. For 1995, a variation of one percentage point in insurable earnings would result in a change of \$195 million in premiums.

Actual amounts for insurable earnings and premiums for 1995 will be known only when Revenue Canada has processed all employer declarations of premiums for 1995. An adjustment for the variation between actual and estimated premiums will then be recorded in the accounts. The adjustment recorded in 1995 for the previous years amounted to \$358 million (\$332 million in 1994).

Premium rates for each \$100 of insurable earnings were as follows:

| | 1995 | 1994 |
|---|--------------|------|
| | (in dollars) | |
| For employees | 3.00 | 3.07 |
| For employers (calculated at 1.4 times the employee rate)..... | 4.20 | 4.30 |

Qualified Wage Loss Insurance Plans

Employers with qualified wage loss insurance plans are entitled to premium reductions. Employers are required to share this reduction with their employees. In 1995, the total amount of reductions is estimated at \$543 million (actual reductions of \$546 million in 1994).

7. Estimated overpayments and underpayments of benefits

The large number of claimants to be monitored and the need for prompt service require a selective rather than universal application of internal control procedures. Therefore, the verification of claims is mainly done after claimants have begun to receive benefits.

In order to measure the effectiveness of the benefit payment process, the Commission has a program in place which estimates, through statistical extrapolation, the most likely value of incorrect benefit payouts. For benefits paid during 1995, these undetected overpayments and underpayments amounted to \$389 million and \$164 million respectively (\$381 million and \$191 million in 1994). As indicated in Note 3, continuous efforts are made by the Commission to detect, establish, and recover overpayments.

8. Administration costs

| | 1995 | 1994 |
|---|---------------------------|-----------|
| | (in thousands of dollars) | |
| Administration costs by activity | | |
| Unemployment Insurance | 546,813 | 496,332 |
| Employment..... | 278,986 | 279,714 |
| Corporate management and administration | 236,982 | 283,282 |
| CEC management and joint services..... | 218,228 | 198,841 |
| Systems and procedures | 32,682 | 25,522 |
| Policy and communications..... | 24,458 | 16,267 |
| | 1,338,149 | 1,299,958 |
| Less: recovery of costs for maintaining the social insurance number registry and issuing replacement cards | 7,068 | 6,377 |
| | 1,331,081 | 1,293,581 |

Administration costs—related party transactions

The administration costs include \$104.5 million (\$117.9 million in 1994) charged by Public Works and Government Services Canada for accommodation and rental costs and \$72.5 million (\$46.9 million in 1994) by Revenue Canada for collecting premiums from employers and employees.

In addition to those related party transactions disclosed elsewhere in these financial statements, the Account is a component of the Government of Canada reporting entity and is therefore related to all departments, agencies and Crown corporations. The Account enters into transactions with these entities in the normal course of business.

9. Subsequent events

The legislation to create a new Employment Insurance (EI) system came into force on July 1, 1996. The new *Employment Insurance Act* replaces the *Unemployment Insurance Act* and the *National Training Act*. The Employment Insurance consists of a two part re-employment system: (i) redesigned income benefits that will provide temporary support for claimants while they look for work and, (ii) active re-employment benefits and support measures to help unemployed workers adjust to economic change. The new system includes changes in eligibility criteria and the maximum claim period; a new intensity rule reducing the benefit rate will apply to claimants who make extensive use of EI. The legislation also allows for new partnerships to be created with provinces for labour market training.

Unemployment Insurance Account—ConcludedNOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995—*Concluded*

The *Department of Human Resources Development Act*, which formally establishes the Department, came into force on July 12, 1996. The legislation changes the year end of the Account from a calendar to a fiscal year. This change will take effect beginning with the 1996-97 fiscal year.

10. Financial statement presentation

The Unemployment Insurance Account is a component of the Government of Canada reporting entity. In this context, its operations are consolidated with those of the Government and are presented in the financial statements of the Government of Canada. The financial statements of the Unemployment Insurance Account are also presented in Volume 1 of the *Public Accounts of Canada*.

It is management's opinion that a statement of changes in financial position for the Account is not necessary since information concerning operational and financing activities, and their effects on cash resources, are readily apparent in the Statement of Operations and Surplus, and are adequately disclosed in the notes to the financial statements. The Account is not involved in any investment activities.

Benefit Rates

On July 3, 1994, a two-level benefit rate came into effect: 60 percent of insured earnings to claimants with dependants and low insured earnings, and 55 percent of insured earnings for all other claimants. From January 1 to July 2, 1994, benefits paid represented the lesser of 57 percent of insurable earnings, or \$445 per week. The maximum weekly benefits were \$448 per week in 1995 (\$429 per week from July 3 to December 31, 1994).

Developmental Uses Programs

In addition to paying developmental uses benefits, the Account pays other expenses for claimants involved in training activities to improve their employability. Course, program, and project costs are paid to provincial governments, program coordinators, and other organizations. Claimants may also be entitled to supplementary training allowances to cover the costs of caring for dependant children, travelling to and from training centres, living away from home, and arrangements or equipment that enable persons with disabilities to participate in training.

SCHEDULE I
BENEFITS AND DEVELOPMENTAL USES PROGRAMS
FOR THE YEAR ENDED DECEMBER 31, 1995
(in thousands of dollars)

| | 1995 | 1994 |
|---|-------------------|-------------------|
| Benefits | | |
| Regular | 9,708,647 | 11,755,509 |
| Maternity | 765,025 | 773,257 |
| Parental | 473,459 | 475,705 |
| Sickness | 430,140 | 414,721 |
| Fishing | 228,615 | 245,744 |
| Adoption | 5,812 | 4,768 |
| | 11,611,698 | 13,669,704 |
| Developmental Uses Programs | | |
| Work sharing benefits | 14,398 | 21,499 |
| Job creation benefits | 147,640 | 117,018 |
| Training benefits | 920,055 | 939,939 |
| Course and training program costs | 554,082 | 535,974 |
| Supplementary training allowances | 86,058 | 83,346 |
| Self-employment assistance benefits | 167,800 | 124,464 |
| Self-employment assistance project costs | 26,675 | 20,209 |
| | 1,916,708 | 1,842,449 |
| Benefits and Developmental Uses Programs | 13,528,406 | 15,512,153 |
| Less: benefit repayments by higher income claimants | 23,420 | 48,701 |
| | 13,504,986 | 15,463,452 |

SECTION 5

1995-96

PUBLIC ACCOUNTS OF CANADA

Current Liabilities and Allowances

CONTENTS

| | <i>Page</i> |
|---|-------------|
| Accounts payable and accrued liabilities | 5.4 |
| Interest and matured debt | 5.9 |
| Allowance for employee benefits | 5.9 |
| Allowance for loan guarantees and borrowings of Crown corporations | 5.10 |

CURRENT LIABILITIES AND ALLOWANCES

This section contains information on accounts reported on the Statement of Assets and Liabilities under "Current Liabilities and Allowances". The establishment and operation of these accounts is authorized by Parliament in annual appropriation acts and other legislation. In many cases, these accounts represent current liabilities set up at year end under the authority granted to the President of the Treasury Board in the *Financial Administration Act*.

Table 5.1 presents the year-end balances of current liabilities and allowances by category. Chart 5A presents current liabilities and allowances by category for the current fiscal year, while Chart 5B compares current liabilities and allowances for the last ten fiscal years.

Most tables in this section present the continuity of accounts, by showing the opening and closing balances. A narrative description is provided for accounts reported in some tables. Such description follows the same presentation order as the respective tables.

TABLE 5.1
CURRENT LIABILITIES AND ALLOWANCES

| | April 1/1995 | March 31/1996 |
|---|----------------|----------------|
| | \$ | \$ |
| Accounts payable and accrued liabilities, Table 5.2 | 18,390,346,955 | 19,276,100,909 |
| Interest and matured debt, Table 5.4 | 4,830,736,584 | 7,402,530,392 |
| Allowance for employee benefits | 3,730,000,000 | 4,110,000,000 |
| Add: consolidation adjustment ⁽¹⁾ | 180,000,000 | 180,000,000 |
| Allowance for loan guarantees and borrowings of Crown corporations, Table 5.5 | 3,910,000,000 | 4,290,000,000 |
| | 5,540,000,000 | 5,440,000,000 |
| Total | 32,671,083,539 | 36,408,631,301 |

⁽¹⁾ Additional information on the consolidated Crown corporations is provided in Section 4 of this volume.

CHART 5A

CURRENT LIABILITIES AND ALLOWANCES BY CATEGORY FOR 1995-96

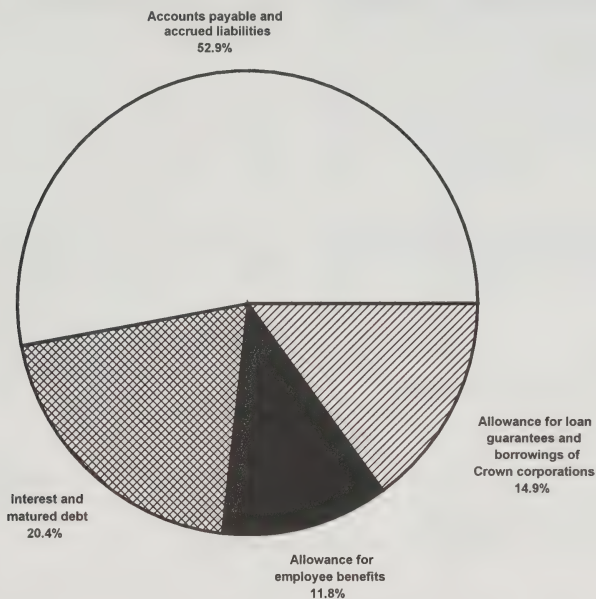
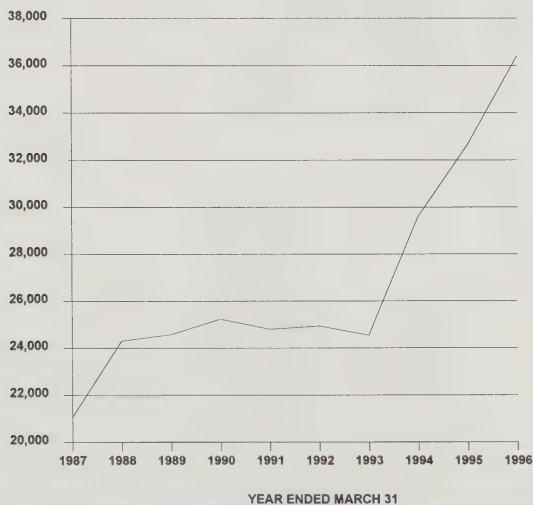


CHART 5B

CURRENT LIABILITIES AND ALLOWANCES

(in millions of dollars)



Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities includes accounts payable, the provincial and territorial tax collection agreements account, miscellaneous payroll deductions, deferred revenues, borrowings of consolidated Crown corporations, suspense accounts and other accounts.

Table 5.2 presents a summary of the balances for the accounts in this category of current liabilities and allowances.

TABLE 5.2
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | April 1/1995 | March 31/1996 |
|---|-----------------------|-----------------------|
| | \$ | \$ |
| Accounts payable | 17,509,628,378 | 16,464,451,788 |
| Add: consolidation adjustment ⁽¹⁾ | 466,475,000 | 1,036,401,348 |
| | <i>17,976,103,378</i> | <i>17,500,853,136</i> |
| Provincial and territorial tax collection agreements account, Table 5.3 | 314,592,544 | 1,372,445,746 |
| Miscellaneous payroll deductions | 53,985,638 | 58,067,144 |
| Deferred revenues | | 310,197,613 |
| Borrowings of consolidated Crown corporations ⁽¹⁾ | 8,065,000 | 13,874,000 |
| Suspense accounts | 36,043,846 | 20,302,714 |
| Other | 1,556,549 | 360,556 |
| Total | 18,390,346,955 | 19,276,100,909 |

⁽¹⁾ Additional information on the consolidated Crown corporations is provided in Section 4 of this volume.

Accounts payable

This account records amounts owing at the year end pursuant to contractual arrangements, or for work performed, goods received, or services rendered, relating to appropriations on which Parliament has imposed annual ceilings, accrued amounts to be paid from appropriations and statutory authorities, and accrued financial obligations of consolidated Crown corporations.

Provincial and territorial tax collection agreements account

This account records income taxes collected by the Government of Canada on behalf of provinces and territories pursuant to the *Federal-Provincial Fiscal Arrangements Act*, and related payments made to them.

Under the *Federal-Provincial Fiscal Arrangements Act*, the Government of Canada is empowered to enter into agreements with provincial and territorial governments, to collect income taxes on their behalf, and to make payments to them with respect to such taxes.

The Government of Canada entered into agreements with provinces and territories (excluding Quebec), to collect individual income tax, and, with provinces and territories (excluding Quebec, Ontario and Alberta except for the tax on preferred shares dividend), to collect corporation income tax, and, to pay in equal monthly instalments to such provinces and territories, the estimated revenues to be produced by the respective provincial and territorial taxes.

Because the *Public Accounts of Canada* reports information on a April to March fiscal year basis and because tax information is calculated on a calendar year basis, there can be transactions related to several tax years during any given fiscal year. For example, during a fiscal year the Minister of Finance makes current payments, based on estimates, for two calendar years (April to December and January to March). During this period, it is also necessary to make payments or adjustments related to final determinations of tax revenues, rebates and credits for previous tax years.

Table 5.3 presents detailed information of the transactions, accumulated balances and the net position of the revenues collected and the payments made to the provinces and territories on a tax year basis for both corporation and personal income taxes.

TABLE 5.3
PROVINCIAL AND TERRITORIAL TAX COLLECTION AGREEMENTS ACCOUNT

| | April 1/1995 | Receipts and other credits | Payments and other charges | March 31/1996 |
|--|----------------|----------------------------|----------------------------|----------------|
| | \$ | \$ | \$ | \$ |
| Personal income taxes collected by National | | | | |
| Revenue for 1992 | 24,286,250,108 | | 24,286,250,108 | |
| Less: payments to provinces and territories— | | | | |
| Newfoundland | 456,627,539 | 456,627,539 | | |
| Prince Edward Island | 106,928,450 | 106,928,450 | | |
| Nova Scotia | 898,164,336 | 898,164,336 | | |
| New Brunswick | 657,694,406 | 657,694,406 | | |
| Ontario | 13,081,479,189 | 13,081,479,189 | | |
| Manitoba | 1,040,006,764 | 1,040,006,764 | | |
| Saskatchewan | 1,015,555,176 | 1,015,555,176 | | |
| Alberta | 2,784,922,053 | 2,784,922,053 | | |
| British Columbia | 4,152,921,265 | 4,152,921,265 | | |
| Yukon | 29,995,374 | 29,995,374 | | |
| Northwest Territories | 61,955,556 | 61,955,556 | | |
| | 24,286,250,108 | 24,286,250,108 | | |
| Net collections (overpayments) of personal income taxes for 1992 | | 24,286,250,108 | 24,286,250,108 | |
| Personal income taxes collected by National | | | | |
| Revenue for 1993 | 26,145,167,999 | | 7,020 | 26,145,160,979 |
| Less: payments to provinces and territories— | | | | |
| Newfoundland | 499,740,450 | | | 499,740,450 |
| Prince Edward Island | 107,749,593 | | | 107,749,593 |
| Nova Scotia | 905,156,370 | | | 905,156,370 |
| New Brunswick | 688,556,296 | | | 688,556,296 |
| Ontario | 14,428,877,881 | | | 14,428,877,881 |
| Manitoba | 1,157,036,261 | 68,366,225 | | 1,088,670,036 |
| Saskatchewan | 1,111,765,162 | 49,929,118 | | 1,061,836,044 |
| Alberta | 2,891,617,488 | | | 2,891,617,488 |
| British Columbia | 4,383,100,452 | | | 4,383,100,452 |
| Yukon | 29,294,731 | | | 29,294,731 |
| Northwest Territories | 71,055,692 | 5,576,000 | | 65,479,692 |
| | 26,273,950,376 | 123,871,343 | | 26,150,079,033 |
| Net collections (overpayments) of personal income taxes for 1993 | (128,782,377) | 123,871,343 | 7,020 | (4,918,054) |

TABLE 5.3

PROVINCIAL AND TERRITORIAL TAX COLLECTION AGREEMENTS ACCOUNT—*Continued*

| | April 1/1995 | Receipts and other credits | Payments and other charges | March 31/1996 |
|---|----------------|-------------------------------|-------------------------------|----------------|
| | \$ | \$ | \$ | \$ |
| Personal income taxes collected by National | | | | |
| Revenue for 1994 | 27,992,589,000 | | 790,256,760 | 27,202,332,240 |
| Less: payments to provinces and territories— | | | | |
| Newfoundland | 513,932,000 | | 4,187,207 | 518,119,207 |
| Prince Edward Island | 112,149,000 | 149,630 | | 111,999,370 |
| Nova Scotia | 949,174,000 | 41,629,999 | | 907,544,001 |
| New Brunswick | 736,399,000 | 690,990 | | 735,708,010 |
| Ontario | 16,099,170,000 | 1,160,947,183 | | 14,938,222,817 |
| Manitoba | 1,260,225,000 | 111,820,922 | | 1,148,404,078 |
| Saskatchewan | 1,123,928,000 | | 4,545,132 | 1,128,473,132 |
| Alberta | 2,991,088,000 | | 913,738 | 2,992,001,738 |
| British Columbia | 4,686,864,000 | 53,816,214 | | 4,633,047,786 |
| Yukon | 31,427,000 | 1,679,930 | | 29,747,070 |
| Northwest Territories | 65,973,000 | 6,906,980 | | 59,066,020 |
| | 28,570,329,000 | 1,377,641,848 | 9,646,077 | 27,202,333,229 |
| Net collections (overpayments) of personal income taxes for 1994 | (577,740,000) | 1,377,641,848 | 799,902,837 | (989) |
| Personal income taxes collected by National | | | | |
| Revenue for 1995 | 4,893,376,000 | 24,902,405,352 | | 29,795,781,352 |
| Less: payments to provinces and territories— | | | | |
| Newfoundland | 80,052,000 | | 465,235,000 | 545,287,000 |
| Prince Edward Island | 17,472,000 | | 101,793,000 | 119,265,000 |
| Nova Scotia | 145,278,000 | | 789,811,000 | 935,089,000 |
| New Brunswick | 114,457,000 | | 667,334,000 | 781,791,000 |
| Ontario | 2,517,333,000 | | 14,356,036,000 | 16,873,369,000 |
| Manitoba | 195,391,000 | | 1,129,951,000 | 1,325,342,000 |
| Saskatchewan | 170,086,000 | | 978,448,000 | 1,148,534,000 |
| Alberta | 465,423,000 | | 2,712,572,000 | 3,177,995,000 |
| British Columbia | 731,395,000 | | 4,241,999,000 | 4,973,394,000 |
| Yukon | 4,907,000 | | 26,420,000 | 31,327,000 |
| Northwest Territories | 10,451,000 | | 61,144,000 | 71,595,000 |
| | 4,452,245,000 | | 25,530,743,000 | 29,982,988,000 |
| Net collections (overpayments) of personal income taxes for 1995 | 441,131,000 | 24,902,405,352 | 25,530,743,000 | (187,206,648) |
| Personal income taxes collected by National | | | | |
| Revenue for 1996 | | 5,425,213,436 | | 5,425,213,436 |
| Less: payments to provinces and territories— | | | | |
| Newfoundland | | | 84,210,000 | 84,210,000 |
| Prince Edward Island | | | 18,494,000 | 18,494,000 |
| Nova Scotia | | | 144,543,000 | 144,543,000 |
| New Brunswick | | | 120,281,000 | 120,281,000 |
| Ontario | | | 2,607,976,000 | 2,607,976,000 |
| Manitoba | | | 204,036,000 | 204,036,000 |
| Saskatchewan | | | 175,322,000 | 175,322,000 |
| Alberta | | | 486,703,000 | 486,703,000 |
| British Columbia | | | 769,356,000 | 769,356,000 |
| Yukon | | | 4,802,000 | 4,802,000 |
| Northwest Territories | | | 11,312,000 | 11,312,000 |
| | | | 4,627,035,000 | 4,627,035,000 |
| Net collections (overpayments) of personal income taxes for 1996 | | 5,425,213,436 | 4,627,035,000 | 798,178,436 |
| Total personal income taxes on hand | (265,391,377) | 56,115,382,087 | 55,243,937,965 | 606,052,745 |

TABLE 5.3

PROVINCIAL AND TERRITORIAL TAX COLLECTION AGREEMENTS ACCOUNT—Continued

| | April 1/1995 | Receipts and other credits | Payments and other charges | March 31/1996 |
|--|---------------|-------------------------------|-------------------------------|---------------|
| | \$ | \$ | \$ | \$ |
| Corporation income taxes collected by National | | | | |
| Revenue for 1992 | 1,076,359,303 | | 1,076,359,303 | |
| Less: payments to provinces and territories— | | | | |
| Newfoundland | 43,767,259 | 43,767,259 | | |
| Prince Edward Island | 14,582,972 | 14,582,972 | | |
| Nova Scotia | 46,947,309 | 46,947,309 | | |
| New Brunswick | 80,512,322 | 80,512,322 | | |
| Quebec | 26,135,326 | 26,135,326 | | |
| Ontario | 55,543,014 | 55,543,014 | | |
| Manitoba | 99,070,959 | 99,070,959 | | |
| Saskatchewan | 103,099,954 | 103,099,954 | | |
| Alberta | 11,686,882 | 11,686,882 | | |
| British Columbia | 570,509,218 | 570,509,218 | | |
| Yukon | 6,544,649 | 6,544,649 | | |
| Northwest Territories | 17,959,439 | 17,959,439 | | |
| | 1,076,359,303 | 1,076,359,303 | | |
| Net collections (overpayments) of corporation income | | | | |
| taxes for 1992 | | 1,076,359,303 | 1,076,359,303 | |
| Corporation income taxes collected by National | | | | |
| Revenue for 1993 | 1,476,035,380 | | | 1,476,035,380 |
| Less: payments to provinces and territories— | | | | |
| Newfoundland | 43,417,966 | | | 43,417,966 |
| Prince Edward Island | 15,587,447 | | | 15,587,447 |
| Nova Scotia | 97,442,653 | | | 97,442,653 |
| New Brunswick | 139,012,155 | | | 139,012,155 |
| Quebec | 22,061,665 | | | 22,061,665 |
| Ontario | 31,166,595 | | 37,055,921 | 68,222,516 |
| Manitoba | 126,397,504 | | | 126,397,504 |
| Saskatchewan | 115,137,124 | | | 115,137,124 |
| Alberta | 12,627,257 | | | 12,627,257 |
| British Columbia | 800,683,512 | | | 800,683,512 |
| Yukon | 10,016,862 | | | 10,016,862 |
| Northwest Territories | 25,428,719 | | | 25,428,719 |
| | 1,438,979,459 | | 37,055,921 | 1,476,035,380 |
| Net collections (overpayments) of corporation income | | | | |
| taxes for 1993 | 37,055,921 | | 37,055,921 | |
| Corporation income taxes collected by National | | | | |
| Revenue for 1994 | 1,538,932,000 | 230,295,042 | | 1,769,227,042 |
| Less: payments to provinces and territories— | | | | |
| Newfoundland | 48,919,000 | | 12,640,537 | 61,559,537 |
| Prince Edward Island | 16,394,000 | 863,890 | 292,826 | 15,822,936 |
| Nova Scotia | 84,192,000 | 3,915,538 | 1,947,084 | 82,223,546 |
| New Brunswick | 99,848,000 | | 6,966,756 | 106,814,756 |
| Quebec | | | 24,723,743 | 24,723,743 |
| Ontario | | | 73,260,410 | 73,260,410 |
| Manitoba | 167,645,000 | 8,662,935 | 7,385,466 | 166,367,531 |
| Saskatchewan | 143,312,000 | | 44,730,850 | 188,042,850 |
| Alberta | | | 14,439,483 | 14,439,483 |
| British Columbia | 805,609,000 | | 197,248,279 | 1,002,857,279 |
| Yukon | 10,031,000 | 2,240,908 | 193,550 | 7,983,642 |
| Northwest Territories | 31,396,000 | 6,605,144 | 340,420 | 25,131,276 |
| | 1,407,346,000 | 22,288,415 | 384,169,404 | 1,769,226,989 |
| Net collections (overpayments) of corporation income | | | | |
| taxes for 1994 | 131,586,000 | 252,583,457 | 384,169,404 | 53 |

TABLE 5.3

PROVINCIAL AND TERRITORIAL TAX COLLECTION AGREEMENTS ACCOUNT—*Concluded*

| | April 1/1995 | Receipts and other credits | Payments and other charges | March 31/1996 |
|--|--------------------|-------------------------------|-------------------------------|----------------------|
| | \$ | \$ | \$ | \$ |
| Corporation income taxes collected by National | | | | |
| Revenue for 1995 | 559,950,000 | 1,344,655,569 | | 1,904,605,569 |
| Less: payments to provinces and territories— | | | | |
| Newfoundland | 4,438,000 | | 45,983,000 | 50,421,000 |
| Prince Edward Island | 1,602,000 | | 16,783,000 | 18,385,000 |
| Nova Scotia | 9,106,000 | | 94,817,000 | 103,923,000 |
| New Brunswick | 9,582,000 | | 96,220,000 | 105,802,000 |
| Manitoba | 16,276,000 | | 165,894,000 | 182,170,000 |
| Saskatchewan | 14,340,000 | | 181,177,000 | 195,517,000 |
| British Columbia | 89,150,000 | | 933,283,000 | 1,022,433,000 |
| Yukon | 1,140,000 | | 11,999,000 | 13,139,000 |
| Northwest Territories | 2,974,000 | | 31,268,000 | 34,242,000 |
| | 148,608,000 | | 1,577,424,000 | 1,726,032,000 |
| Net collections (overpayments) of corporation income taxes for 1995 | 411,342,000 | 1,344,655,569 | 1,577,424,000 | 178,573,569 |
| Corporation income taxes collected by National | | | | |
| Revenue for 1996 | | 746,383,379 | | 746,383,379 |
| Less: payments to provinces and territories— | | | | |
| Newfoundland | | | 4,170,000 | 4,170,000 |
| Prince Edward Island | | | 1,680,000 | 1,680,000 |
| Nova Scotia | | | 8,870,000 | 8,870,000 |
| New Brunswick | | | 10,538,000 | 10,538,000 |
| Manitoba | | | 17,780,000 | 17,780,000 |
| Saskatchewan | | | 15,738,000 | 15,738,000 |
| British Columbia | | | 96,234,000 | 96,234,000 |
| Yukon | | | 1,036,000 | 1,036,000 |
| Northwest Territories | | | 2,518,000 | 2,518,000 |
| | | | 158,564,000 | 158,564,000 |
| Net collections (overpayments) of corporation income taxes for 1996 | | 746,383,379 | 158,564,000 | 587,819,379 |
| Total corporation income taxes on hand | 579,983,921 | 3,419,981,708 | 3,233,572,628 | 766,393,001 |
| Total | 314,592,544 | 59,535,363,795 | 58,477,510,593 | 1,372,445,746 |

Miscellaneous payroll deductions

Deductions from the salaries and wages of certain employees are credited to this account pending transmittal to related outside organizations.

Deferred revenues

This account records non-tax revenues received before the end of the current fiscal year for which the goods or services are to be delivered or rendered in a subsequent fiscal year.

Borrowings of consolidated Crown corporations

This account records the unconditional obligations of the Government for the consolidated Crown corporations.

Suspense accounts

Accounts in which transactions are recorded temporarily, pending their ultimate disposition.

Other

Miscellaneous accounts payable and accrued liabilities such as provincial sales tax collected on sales are recorded in this account.

Interest and Matured Debt

Interest and matured debt includes interest due, interest accrued, matured debt, and unamortized premiums, discounts and commissions on unmatured debt.

Table 5.4 presents a summary of the balances for the accounts in this category of current liabilities and allowances.

TABLE 5.4

INTEREST AND MATURED DEBT

| | April 1/1995 | March 31/1996 |
|--|----------------|----------------|
| | \$ | \$ |
| Interest due | 3,691,386,658 | 4,219,115,320 |
| Interest accrued | 6,185,328,938 | 6,604,662,561 |
| Matured debt | 176,988,674 | 135,476,983 |
| | 10,053,704,270 | 10,959,254,864 |
| Less: unamortized discounts on Canada bills | 86,585,073 | 76,360,069 |
| unamortized discounts on Treasury bills | 3,664,704,196 | 2,886,176,549 |
| unamortized discounts and premiums on marketable bonds | 1,392,378,928 | 531,610,865 |
| unamortized commissions on Canada savings bonds | 79,299,489 | 62,576,989 |
| | 5,222,967,686 | 3,556,724,472 |
| Total | 4,830,736,584 | 7,402,530,392 |

Interest due

Interest due is the interest on the bonded debt, which is due and payable but has not been redeemed by bond holders.

Interest accrued

Interest accrued is the interest accumulated as at March 31 on the bonded debt and certain other liabilities, that is not payable until a future date.

Matured debt

This account records financial obligations represented by certificates of indebtedness issued by the Government, that have become due but that have not been presented for redemption. Unclaimed matured bonds are transferred to non-tax revenues if they remain unredeemed 15 years after the date of call or maturity, whichever is earlier; the minimum time before such a transfer is made is 5 years from the date of maturity.

Unamortized discounts on Canada bills

This account records the portion of the discounts on outstanding Canada bills which has not yet been charged to expenditures. Discounts are amortized to expenditures over the life of the bills.

Unamortized discounts on Treasury bills

This account records the portion of the discounts on outstanding Treasury bills which has not yet been charged to expenditures. Discounts are amortized to expenditures over the life of the bills.

Unamortized discounts and premiums on marketable bonds

This account records the portion of the discounts and premiums on outstanding marketable bonds which has not yet been charged to expenditures. Discounts and premiums are amortized to expenditures over the life of the bonds.

Unamortized commissions on Canada savings bonds

This account records the portion of the commissions on outstanding Canada savings bonds which has not yet been charged to expenditures. Commissions are amortized to expenditures over the life of the bonds.

Allowance for Employee Benefits

This account records allowances for amounts owing for earned and unpaid annual vacation leave and compensation time, for employee benefits payable upon termination of employment and for unsigned pay adjustments.

Allowance for Loan Guarantees and Borrowings of Crown Corporations

This category of current liabilities and allowances includes the allowance for loan guarantees and the allowance for borrowings of Crown corporations.

Table 5.5 presents a summary of the balances for the accounts in this category of current liabilities and allowances.

TABLE 5.5

ALLOWANCE FOR LOAN GUARANTEES AND BORROWINGS OF CROWN CORPORATIONS

| | April 1/1995 | March 31/1996 |
|---|----------------|----------------|
| | \$ | \$ |
| Allowance for loan guarantees | 1,250,000,000 | 1,250,000,000 |
| Allowance for borrowings of Crown corporations— | | |
| Borrowings of agent enterprise Crown corporations | 22,916,088,000 | 25,370,185,000 |
| Less: borrowings expected to be repaid by these enterprise Crown corporations | 18,626,088,000 | 21,180,185,000 |
| | 4,290,000,000 | 4,190,000,000 |
| Total | 5,540,000,000 | 5,440,000,000 |

Allowance for loan guarantees

This account records potential losses on loan guarantees when it is likely that a payment will be made in the future to honour a guarantee and when the amount of the loss can be reasonably estimated.

Allowance for borrowings of Crown corporations

In accordance with section 54 of the *Financial Administration Act*, the payment of all money borrowed by agent enterprise Crown corporations, and interest thereon, is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings therefore constitute unconditional obligations of the Government.

This account reports the borrowings of agent enterprise Crown corporations expected to be repaid by the Government (see Table 9.6 in Section 9 of this volume).

SECTION 6

1995-96

PUBLIC ACCOUNTS OF CANADA

Interest-Bearing Debt

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INTEREST-BEARING DEBT

This section contains information on the interest-bearing debt of the Government. Interest-bearing debt includes the unmatured debt and pension and other accounts.

Some tables in this section present the continuity of accounts, by showing the opening and closing balances, as well as receipts and other credits, and payments and other charges.

Table 6.1 presents the transactions and year-end balances of interest-bearing debt. Chart 6A presents interest-bearing debt by category for the current fiscal year, while Chart 6B compares interest-bearing debt for the last ten fiscal years.

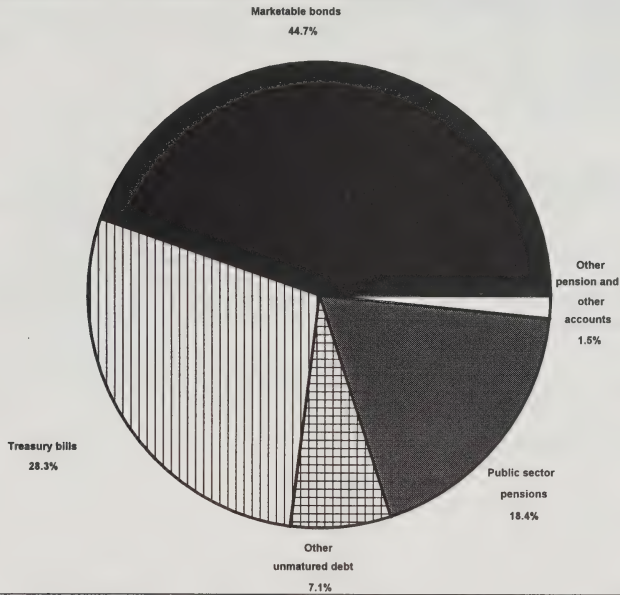
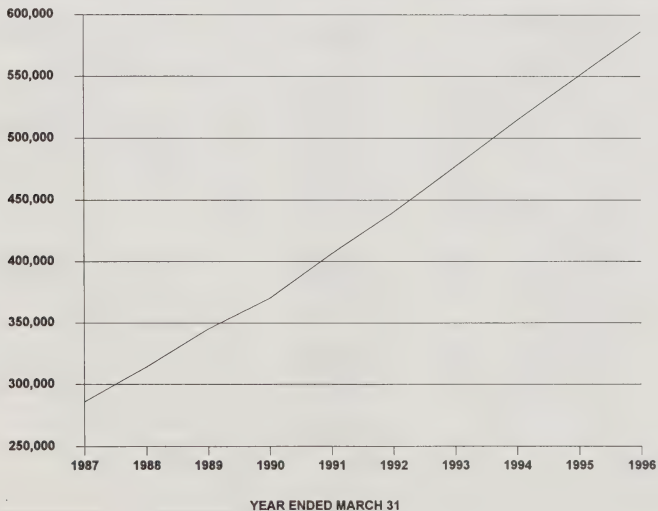
The financial statements of the Canada Pension Plan Account and the Canada Pension Plan Investment Fund, the Government Annuities Account and the Royal Canadian Mounted Police (Dependants) Pension Fund, together with the Auditor General's reports thereon, are presented at the end of this section.

A narrative description is provided for accounts reported in some tables. Such description follows the same presentation order as the respective tables.

TABLE 6.1
INTEREST-BEARING DEBT

| | April 1/1995 | Receipts and other credits | Payments and other charges | March 31/1996 |
|--|-----------------|-------------------------------|-------------------------------|-----------------|
| | \$ | \$ | \$ | \$ |
| Unmatured debt ⁽¹⁾ — | | | | |
| Payable in Canadian currency— | | | | |
| Marketable bonds, Table 6.2..... | 225,678,482,254 | 52,071,751,733 | 25,050,290,000 | 252,699,943,987 |
| Treasury bills, Table 6.3..... | 164,450,000,000 | 390,300,000,000 | 388,650,000,000 | 166,100,000,000 |
| Canada savings bonds, Table 6.4..... | 30,460,093,058 | 4,723,378,594 | 4,723,540,123 | 30,459,931,529 |
| Bonds for Canada Pension Plan, Table 6.5..... | 3,488,451,000 | 1,379,444,000 | 1,389,661,000 | 3,478,234,000 |
| | 424,077,026,312 | 448,474,574,327 | 419,813,491,123 | 452,738,109,516 |
| Payable in foreign currencies— | | | | |
| Marketable bonds, Table 6.2..... | 7,874,802,540 | 4,077,300,000 | 2,438,402,540 | 9,513,700,000 |
| Canada bills, Table 6.6..... | 9,046,123,231 | 23,451,691,275 | 25,512,264,758 | 6,985,549,748 |
| Canada notes, Table 6.7..... | | 310,078,665 | | 310,078,665 |
| | 16,920,925,771 | 27,839,069,940 | 27,950,667,298 | 16,809,328,413 |
| Total—Unmatured debt..... | 440,997,952,083 | 476,313,644,267 | 447,764,158,421 | 469,547,437,929 |
| Pension and other accounts— | | | | |
| Public sector pensions, Table 6.12— | | | | |
| Superannuation accounts..... | 101,607,469,048 | 13,541,459,270 | 4,772,978,106 | 110,375,950,212 |
| Allowance for pension adjustments..... | (575,000,000) | 987,000,000 | 2,906,000,000 | (2,494,000,000) |
| | 101,032,469,048 | 14,528,459,270 | 7,678,978,106 | 107,881,950,212 |
| Canada Pension Plan, Table 6.21— | | | | |
| Canada Pension Plan Account..... | 40,372,827,042 | 14,982,937,133 | 16,188,269,289 | 39,167,494,886 |
| Less: securities held by the Canada Pension Plan Investment Fund..... | 36,966,772,000 | 1,435,875,000 | | 35,530,897,000 |
| | 3,406,055,042 | 16,418,812,133 | 16,188,269,289 | 3,636,597,886 |
| Other— | | | | |
| Government Annuities Account..... | 693,085,531 | 52,754,169 | 94,097,318 | 651,742,382 |
| PLI Fixed Link..... | 726,000,000 | 46,838,000 | | 772,838,000 |
| Deposit and trust accounts, Table 6.23..... | 1,190,043,518 | 1,160,162,456 | 1,079,280,055 | 1,270,925,919 |
| Other specified purpose accounts, Table 6.26..... | 2,145,901,600 | 1,230,521,603 | 750,513,431 | 2,625,909,772 |
| | 4,755,030,649 | 2,490,276,228 | 1,923,890,804 | 5,321,416,073 |
| Total—Pension and other accounts..... | 109,193,554,739 | 33,437,547,631 | 25,791,138,199 | 116,839,964,171 |
| Total..... | 550,191,506,822 | 509,751,191,898 | 473,555,296,620 | 586,387,402,100 |

⁽¹⁾ This table includes unmatured debt issued by the Government of Canada. Borrowings of agent enterprise Crown corporations which are unconditional obligations of the Government, but not included in unmatured debt, can be found in Table 6.11.

CHART 6A**INTEREST-BEARING DEBT BY CATEGORY FOR 1995-96****CHART 6B****INTEREST-BEARING DEBT**
(in millions of dollars)

UNMATURED DEBT

Unmatured debt represents financial obligations resulting from certificates of indebtedness issued by the Government of Canada that have not yet become due.

The Government's holdings of its own securities have been deducted from unmatured debt, to report the amount of the Government's liabilities to outside parties.

Marketable Bonds

Marketable bonds are interest-bearing certificates of indebtedness issued by the Government of Canada, and have the following characteristics:

- bought and sold on the open market;
- payable in Canadian or foreign currency;
- subject to call or redemption before maturity;
- fixed dates of maturity;
- interest payable either in coupon or registered form; and,
- face value guaranteed at maturity.

Registered marketable bonds are transferable by endorsement and delivery by one holder to another. Bearer marketable bonds need not be endorsed.

Table 6.2 presents a summary of the balances and transactions for marketable bonds. Since most of the marketable bonds are not subject to call or redemption before maturity, exceptions only are noted in the table.

The year-end balances of marketable bonds payable in foreign currencies were translated into Canadian dollars using the closing rates of exchange at March 31, 1996.

TABLE 6.2
MARKETABLE BONDS

| Maturity date | % | Issue date | Series | April 1/1995 | Receipts and other credits ⁽¹⁾ | Payments and other charges ⁽¹⁾ | March 31/1996 |
|-------------------------------|-------|-----------------------|--------|----------------|---|---|---------------|
| | | | | \$ | \$ | \$ | \$ |
| Payable in Canadian currency— | | | | | | | |
| Matured 1995-96 | | | | | | | |
| 1995—Apr 1 | 11.25 | Feb 19/85-May 1/85 | | | | | |
| | | May 22/85 | H54 | 1,350,000,000 | | 1,350,000,000 | |
| June 1 | 10.5 | June 12/85-July 1/85 | | | | | |
| | | July 23/85-Sept 1/85 | | | | | |
| | | Mar 15/90-April 11/90 | H62 | 3,100,000,000 | | 3,100,000,000 | |
| Sept 15 | 6.25 | June 15/93-Sept 15/93 | A62 | 4,300,000,000 | | 4,300,000,000 | |
| Oct 1 | 6.5 | Oct 1/68 | F33 | 100,000,000 | | 100,000,000 | |
| Oct 1 | 10 | Oct 1/75-Dec 15/75 | | | | | |
| | | Feb 1/76-Apr 1/76 | F97 | 652,375,000 | | 652,375,000 | |
| Nov 1 | 8.25 | May 8/92 | A52 | 1,500,000,000 | | 1,500,000,000 | |
| Dec 15 | 10.75 | Oct 1/85-Oct 23/85 | | | | | |
| | | Nov 15/85-Mar 15/89 | | | | | |
| | | July 26/90-Aug 1/90 | | | | | |
| | | Aug 28/90 | H67 | 3,050,000,000 | | 3,050,000,000 | |
| 1996—Feb 1 | 6 | Aug 4/92-Jan 6/93 | A54 | 3,500,000,000 | | 3,500,000,000 | |
| Mar 1 | 10.25 | Feb 6/86-Dec 15/87 | | | | | |
| | | Sept 22/88-Oct 1/90 | | | | | |
| | | Dec 15/90-Feb 1/91 | | | | | |
| | | Feb 14/91 | H76 | 2,600,000,000 | | 2,600,000,000 | |
| Mar 15 | 4.75 | Dec 15/93-Mar 15/94 | A71 | 4,900,000,000 | | 4,900,000,000 | |
| | | | | 25,052,375,000 | | 25,052,375,000 | |

TABLE 6.2

MARKETABLE BONDS—Continued

| Maturity date | % | Issue date | Series | April 1/1995 | Receipts and other credits ⁽¹⁾ | Payments and other charges ⁽¹⁾ | March 31/1996 |
|--------------------|-------|------------------------|--------------------|----------------|--|--|----------------|
| | | | | \$ | \$ | \$ | \$ |
| Maturing 1996-97 | | | | | | | |
| 1996—May 1 | 9.25 | Apr 10/86-June 1/87 | | | | | |
| | | July 1/87-Mar 31/88 | | | | | |
| | | July 27/89-Aug 31/89 | H80 | 3,300,000,000 | | | 3,300,000,000 |
| June 1 | 8.75 | Apr 28/86-May 22/86 | | | | | |
| | | July 24/86-Oct 1/86 | | | | | |
| | | Dec 15/86-May 1/87 | H84 | 2,175,000,000 | | | 2,175,000,000 |
| Aug 1 | 6.5 | Apr 13/93-July 13/93 | A59 | 3,800,000,000 | | | 3,800,000,000 |
| Sept 15 | 3 | Sept 15/36 | P1 | 55,000,000 | | | 55,000,000 |
| Sept 15 | 7.75 | June 15/94-Sept 15/94 | A74 | 5,100,000,000 | | | 5,100,000,000 |
| Oct 1 | 9.25 | May 1/91-June 20/91 | | | | | |
| | | July 1/91-Sept 1/91 | | | | | |
| | | Sept 19/91 | A42 | 3,425,000,000 | | | 3,425,000,000 |
| 1997—Mar 1 | 8.25 | Jan 29/87-Feb 19/87 | | | | | |
| | | Mar 15/87-Oct 31/91 | | | | | |
| | | Nov 28/91-Dec 15/91 | H97 | 3,400,000,000 | | | 3,400,000,000 |
| Mar 15 | 8 | Dec 15/94-Mar 15/95 | A78 | 4,800,000,000 | | | 4,800,000,000 |
| | | | | 26,055,000,000 | | | 26,055,000,000 |
| Maturing 1997-98 | | | | | | | |
| 1997—May 15 | 9.25 | May 15/77-July 1/77 | | | | | |
| | | Sept 1/77-Feb 1/78 | J9 | 876,000,000 | | | 876,000,000 |
| July 1 | 7.5 | Feb 1/92-June 1/92 | | | | | |
| | | July 1/92 | A50 | 4,200,000,000 | | | 4,200,000,000 |
| Sept 15 | 7 | June 15/95-Sept 15/95 | A82 | | 5,400,000,000 | | 5,400,000,000 |
| Oct 1 | 9.75 | Aug 13/87-Sept 1/87 | | | | | |
| | | Nov 15/87-Feb 1/88 | | | | | |
| | | May 12/88-Jan 4/90 | | | | | |
| | | Feb 21/91 | A8 | 2,775,000,000 | | | 2,775,000,000 |
| 1998—Feb 1 | 6.25 | Sept 1/92-Oct 15/92 | | | | | |
| | | Dec 1/92-Mar 5/93 | A56 | 6,600,000,000 | | | 6,600,000,000 |
| Mar 15 | 3.75 | Sept 15/56 | T15 ⁽²⁾ | 197,045,000 | | | 197,045,000 |
| Mar 15 | 6 | Dec 15/95-Mar 15/96 | | | 5,700,000,000 | | 5,700,000,000 |
| Mar 15 | 10.75 | Oct 15/87-Mar 15/89 | | | | | |
| | | Apr 13/89-Aug 16/90 | A10 | 2,225,000,000 | | | 2,225,000,000 |
| | | | | 16,873,045,000 | 11,100,000,000 | | 27,973,045,000 |
| Maturing 1998-99 | | | | | | | |
| 1998—Sept 1 | 6.5 | May 1/93-June 1/93 | | | | | |
| | | Sept 1/93-Oct 29/93 | A60 | 6,800,000,000 | | | 6,800,000,000 |
| Oct 1 | 9.5 | June 30/88- July 21/88 | | | | | |
| | | Nov 15/88-July 1/89 | | | | | |
| | | Aug 15/91 | A17 | 3,100,000,000 | | | 3,100,000,000 |
| Nov 1 | 8 | Apr 18/95-July 17/95 | A80 | | 5,100,000,000 | | 5,100,000,000 |
| Dec 1 | 10.25 | Sept 1/88-Oct 15/88 | | | | | |
| | | Dec 15/88-Jan 26/89 | A18 | 2,275,000,000 | | | 2,275,000,000 |
| 1999—Mar 1 | 5.75 | Dec 1/93-Dec 29/93 | | | | | |
| | | Mar 1/94 | A70 | 6,700,000,000 | | | 6,700,000,000 |
| | | | | 18,875,000,000 | 5,100,000,000 | | 23,975,000,000 |
| Maturing 1999-2000 | | | | | | | |
| 1999—Sept 1 | 7.75 | Apr 15/94-June 1/94 | | | | | |
| | | July 4/94-Sept 1/94 | A73 | 8,500,000,000 | | | 8,500,000,000 |
| Oct 15 | 9 | Oct 15/77-Dec 15/77 | J13 | 527,500,000 | | | 527,500,000 |
| Dec 1 | 13.5 | Dec 1/80 | J53 | 400,000,000 | | | 400,000,000 |
| Dec 1 | 9.25 | Sept 21/89-Oct 1/89 | | | | | |
| | | Nov 16/89-Dec 15/89 | A27 | 2,825,000,000 | | | 2,825,000,000 |
| 2000—Mar 1 | 8.5 | Oct 1/94-Dec 1/94 | | | | | |
| | | Mar 1/95 | A77 | 6,500,000,000 | | | 6,500,000,000 |
| Mar 15 | 13.75 | Mar 31/80-Mar 1/81 | | | | | |
| | | Mar 31/81-Oct 15/82 | J39 | 1,050,000,000 | | | 1,050,000,000 |
| | | | | 19,802,500,000 | | | 19,802,500,000 |

TABLE 6.2

MARKETABLE BONDS—Continued

| Maturity date | % | Issue date | Series | April 1/1995 | Receipts and other credits ⁽¹⁾ | Payments and other charges ⁽¹⁾ | March 31/1996 |
|------------------|-------|----------------------|--------|----------------|--|--|----------------|
| | | | | \$ | \$ | \$ | \$ |
| Maturing 2000-01 | | | | | | | |
| 2000—May 1 | 9.75 | Feb 1/90-Feb 15/90 | A30 | 1,575,000,000 | | | 1,575,000,000 |
| July 1 | 10.5 | Mar 15/90-Mar 29/90 | | | | | |
| | | June 21/90-Aug 1/90 | A32 | 2,900,000,000 | | | 2,900,000,000 |
| July 1 | 15 | July 1/81 | J70 | 175,000,000 | | | 175,000,000 |
| Sept 1 | 11.5 | May 1/90-Nov 1/90 | A33 | 1,200,000,000 | | | 1,200,000,000 |
| Sept 1 | 7.5 | June 1/95-July 4/95 | | | | | |
| | | Sept 1/95 | A81 | | 7,600,000,000 | | 7,600,000,000 |
| Dec 15 | 9.75 | Dec 15/78 | J22 | 500,000,000 | | | 500,000,000 |
| 2001—Feb 1 | 15.75 | June 1/81-July 31/81 | J66 | 425,000,000 | | | 425,000,000 |
| Mar 1 | 10.5 | Sept 20/90-Oct 1/90 | | | | | |
| | | Dec 15/90-Feb 1/91 | A37 | 3,175,000,000 | | | 3,175,000,000 |
| Mar 1 | 7.5 | Oct 2/95-Dec 1/95 | | | | | |
| | | Jan 4/96-Mar 1/96 | VR22 | | 9,400,000,000 | | 9,400,000,000 |
| | | | | 9,950,000,000 | 17,000,000,000 | | 26,950,000,000 |
| Maturing 2001-02 | | | | | | | |
| 2001—May 1 | 13 | May 1/80-Oct 1/80 | | | | | |
| | | Feb 1/81 | J42 | 1,325,000,000 | | | 1,325,000,000 |
| June 1 | 9.75 | Feb 21/91-Mar 1/91 | | | | | |
| | | Mar 28/91-May 16/91 | A40 | 3,550,000,000 | | | 3,550,000,000 |
| Oct 1 | 9.5 | Oct 1/76-Dec 1/76 | | | | | |
| | | Apr 1/78-May 15/78 | | | | | |
| | | July 1/78 | J2 | 1,232,750,000 | | | 1,232,750,000 |
| Dec 1 | 9.75 | July 1/91-July 18/91 | | | | | |
| | | Sept 1/91-Oct 1/91 | A45 | 3,850,000,000 | | | 3,850,000,000 |
| 2002—Feb 1 | 8.75 | Feb 1/77 | J7 | 213,000,000 | | | 213,000,000 |
| Mar 15 | 15.5 | Mar 31/82-May 1/82 | J79 | 350,000,000 | | | 350,000,000 |
| | | | | 10,520,750,000 | | | 10,520,750,000 |
| Maturing 2002-03 | | | | | | | |
| 2002—Apr 1 | 8.5 | Nov 14/91-Dec 15/91 | | | | | |
| | | Mar 1/92-May 1/92 | | | | | |
| | | July 15/92 | A47 | 5,450,000,000 | | | 5,450,000,000 |
| May 1 | 10 | May 1/79-June 1/79 | | | | | |
| | | July 15/79 | J25 | 1,850,000,000 | | | 1,850,000,000 |
| Dec 15 | 11.25 | Dec 15/79-July 1/80 | | | | | |
| | | May 15/83 | J34 | 1,625,000,000 | | | 1,625,000,000 |
| 2003—Feb 1 | 11.75 | Feb 1/80-June 1/80 | | | | | |
| | | Aug 1/80-Feb 1/83 | | | | | |
| | | Apr 27/83-June 21/83 | | | | | |
| | | July 12/83 | J35 | 2,700,000,000 | | | 2,700,000,000 |
| | | | | 11,625,000,000 | | | 11,625,000,000 |
| Maturing 2003-04 | | | | | | | |
| 2003—June 1 | 7.25 | Sept 25/92-Oct 26/92 | | | | | |
| | | Nov 20/92-Jan 18/93 | | | | | |
| | | Feb 15/93 | A57 | 6,900,000,000 | | | 6,900,000,000 |
| Oct 1 | 9.5 | Aug 15/78-Oct 1/78 | J18 | 670,500,000 | | | 670,500,000 |
| Dec 1 | 7.5 | May 21/93-July 1/93 | | | | | |
| | | Aug 16/93-Sept 28/93 | | | | | |
| | | Nov 15/93 | A61 | 8,800,000,000 | | | 8,800,000,000 |
| 2004—Feb 1 | 10.25 | Feb 1/79-Mar 15/79 | | | | | |
| | | Mar 21/79-Aug 15/79 | J24 | 2,200,000,000 | | | 2,200,000,000 |
| | | | | 18,570,500,000 | | | 18,570,500,000 |
| Maturing 2004-05 | | | | | | | |
| 2004—June 1 | 13.5 | Apr 1/84-May 1/84 | H22 | 550,000,000 | | | 550,000,000 |
| June 1 | 6.5 | Jan 14/94-Feb 15/94 | | | | | |
| | | Apr 1/94-May 15/94 | A72 | 7,900,000,000 | | | 7,900,000,000 |
| Oct 1 | 10.5 | Oct 1/79-Dec 15/87 | J30 | 875,000,000 | | | 875,000,000 |
| Dec 1 | 9 | July 15/94-Aug 15/94 | | | | | |
| | | Nov 15/94-Feb 15/95 | A75 | 7,700,000,000 | | | 7,700,000,000 |

TABLE 6.2

MARKETABLE BONDS—Continued

| Maturity date | % | Issue date | Series | April 1/1995 | Receipts and other credits ⁽¹⁾ | Payments and other charges ⁽¹⁾ | March 31/1996 |
|------------------|-------|--|--------|---------------------------------|---|---|---------------------------------|
| | | | | \$ | \$ | \$ | \$ |
| 2005—Mar 1 | 12 | Oct 15/83-Nov 8/83 Dec 15/83-Feb 1/84 Feb 21/84-Dec 15/84 | H9 | 1,775,000,000 18,800,000,000 | | | 1,775,000,000 18,800,000,000 |
| Maturing 2005-06 | | | | | | | |
| 2005—Sept 1 | 12.25 | Aug 1/83-Sept 1/83 Sept 27/83-Apr 10/85 | H6 | 1,375,000,000 | | | 1,375,000,000 |
| Dec 1 | 8.75 | Apr 3/95-May 15/95 Aug 15/95-Nov 15/95 | A79 | | 8,000,000,000 | | 8,000,000,000 |
| 2006—Mar 1 | 12.5 | Mar 13/84-Nov 14/84 Mar 19/85 | H18 | 975,000,000 2,350,000,000 | 8,000,000,000 | | 975,000,000 10,350,000,000 |
| Maturing 2006-07 | | | | | | | |
| 2006—Oct 1 | 14 | June 1/84-July 11/84 Aug 1/84 | H26 | 1,025,000,000 | | | 1,025,000,000 |
| Dec 1 | 7 | Feb 15/96-Mar 29/96 | VU50 | | 4,400,000,000 | | 4,400,000,000 |
| 2007—Mar 1 | 13.75 | June 19/84 | H30 | 325,000,000 1,350,000,000 | 4,400,000,000 | | 325,000,000 5,750,000,000 |
| Maturing 2007-08 | | | | | | | |
| 2007—Oct 1 | 13 | Aug 22/84-Sept 12/84 | H36 | 700,000,000 | | | 700,000,000 |
| 2008—Mar 1 | 12.75 | Oct 1/84-Oct 24/84 | H41 | 750,000,000 1,450,000,000 | | | 750,000,000 1,450,000,000 |
| Maturing 2008-09 | | | | | | | |
| 2008—June 1 | 10 | Dec 15/85-Sept 1/87 Feb 1/88-Apr 14/88 June 1/88-July 21/88 Oct 15/88-Dec 15/88 | | | | | |
| | | Feb 23/89-June 1/89 | H74 | 3,450,000,000 | | | 3,450,000,000 |
| Oct 1 | 11.75 | Feb 1/85-May 1/85 | H52 | 725,000,000 | | | 725,000,000 |
| 2009—Mar 1 | 11.5 | May 22/85 | H58 | 400,000,000 4,575,000,000 | | | 400,000,000 4,575,000,000 |
| Maturing 2009-10 | | | | | | | |
| 2009—June 1 | 11 | Oct 1/85-Oct 23/85 Oct 15/87 | H68 | 925,000,000 | | | 925,000,000 |
| Oct 1 | 10.75 | June 12/85-July 1/85 Sept 1/85-Sept 1/88 | H63 | 1,300,000,000 | | | 1,300,000,000 |
| 2010—Mar 1 | 9.75 | Mar 15/86 | H79 | 325,000,000 2,550,000,000 | | | 325,000,000 2,550,000,000 |
| Maturing 2010-11 | | | | | | | |
| 2010—June 1 | 9.5 | Apr 10/86-July 1/87 July 1/89-Aug 10/89 Oct 1/89-Dec 15/89 | | | | | |
| | | Feb 1/90 | H81 | 2,975,000,000 | | | 2,975,000,000 |
| Oct 1 | 8.75 | Apr 28/86 | H85 | 325,000,000 | | | 325,000,000 |
| 2011—Mar 1 | 9 | July 3/86-Sept 2/86 Oct 23/86-Dec 15/86 May 1/87-Mar 15/88 | H87 | 1,975,000,000 5,275,000,000 | | | 1,975,000,000 5,275,000,000 |
| Maturing 2011-12 | | | | | | | |
| 2011—June 1 | 8.5 | Feb 19/87-Mar 15/87 | H98 | 750,000,000 | | | 750,000,000 |
| Maturing 2013-14 | | | | | | | |
| 2014—Mar 15 | 10.25 | Mar 15/89-Mar 30/89 Mar 15/90-July 1/90 Aug 1/90-Feb 21/91 | A23 | 3,150,000,000 | | | 3,150,000,000 |
| Maturing 2015-16 | | | | | | | |
| 2015—June 1 | 11.25 | May 1/90-May 31/90 Oct 1/90-Nov 15/90 | A34 | 2,350,000,000 | | | 2,350,000,000 |

TABLE 6.2

MARKETABLE BONDS—*Concluded*

| Maturity date | % | Issue date | Series | April 1/1995 | Receipts and other credits ⁽¹⁾ | Payments and other charges ⁽¹⁾ | March 31/1996 |
|---|---------------------|---|--------|--------------------------------|---|---|---------------------------------|
| | | | | \$ | \$ | \$ | \$ |
| Maturing 2019-20 2019—Dec 31 | 10.186 | Mar 23/90 | M1 | 8,436,324 | | | 8,436,324 |
| Maturing 2020-21 2021—Mar 15 | 10.5 | Dec 15/90-Jan 9/91 Feb 1/91 | A39 | 1,800,000,000 | | | 1,800,000,000 |
| Maturing 2021-22 2021—June 1 | 9.75 | May 9/91-June 1/91 July 1/91-Aug 1/91 Sept 1/91-Oct 17/91 | A43 | 4,650,000,000 | | | 4,650,000,000 |
| Dec 1 | 4.25 ⁽³⁾ | Dec 10/91-Oct 14/92 May 1/93-Dec 1/93 Feb 22/94-Juin 21/94 Sept 15/94-Dec 15/94 Feb 2/95-May 8/95 Aug 4/95 | L25 | 4,713,345,930 9,363,345,930 | 814,923,319 814,923,319 | | 5,528,269,249 10,178,269,249 |
| Maturing 2022-23 2022—June 1 | 9.25 | Dec 15/91-Jan 3/92 May 15/92 | A49 | 2,550,000,000 | | | 2,550,000,000 |
| Maturing 2023-24 2023—June 1 | 8 | Aug 17/92-Feb 1/93 Apr 1/93-July 26/93 Oct 15/93-Feb 1/94 May 2/94 | A55 | 8,200,000,000 | | | 8,200,000,000 |
| Maturing 2025-26 2025—June 1 | 9 | Aug 2/94-Nov 1/94 Feb 1/95-May 1/95 Aug 1/95-Nov 1/95 Feb 1/96 | A76 | 3,900,000,000 | 5,000,000,000 | | 8,900,000,000 |
| Maturing 2026-27 2026—Dec 1 | 4.25 ⁽³⁾ | Dec 7/95-Mar 6/96 | L26 | | 656,828,414 | | 656,828,414 |
| Less: Government's holdings | | | | 225,745,952,254 67,470,000 | 52,071,751,733 | 25,052,375,000 2,085,000 | 252,765,328,987 65,385,000 |
| Total marketable bonds (Canadian currency) | | | | 225,678,482,254 | 52,071,751,733 | 25,050,290,000 | 252,699,943,987 |
| Payable in foreign currencies— | | | | | | | |
| US dollars— | | | | | | | |
| 1995—July 15 | 10.125 | July 15/85 | | 179,202,540 | | 179,202,540 | |
| Nov 21 | 10 | Nov 21/85 | | 699,600,000 | | 699,600,000 | |
| 1996—Feb 27 | 9 | Feb 27/86 | | 1,399,200,000 | | 1,399,200,000 | |
| 1997—July 7 | 6.5 | July 7/94 | | 2,798,400,000 | | 80,200,000 | 2,718,200,000 |
| 1999—Feb 10 | ⁽⁴⁾ | Feb 10/94 | | 2,798,400,000 | | 80,200,000 | 2,718,200,000 |
| 2000—May 30 | 6.5 | May 30/95 | | | 2,038,650,000 | | 2,038,650,000 |
| 2005—July 21 | 6.375 | July 21/95 | | | 2,038,650,000 | | 2,038,650,000 |
| Total marketable bonds (foreign currencies) | | | | 7,874,802,540 | 4,077,300,000 | 2,438,402,540 | 9,513,700,000 |
| Total | | | | 233,553,284,794 | 56,149,051,733 | 27,488,692,540 | 262,213,643,987 |

⁽¹⁾ This column includes the translation of marketable bonds payable in foreign currencies to Canadian dollars using closing rates of exchange at March 31.

⁽²⁾ Redeemable before maturity.

⁽³⁾ The rate of return of this issue is linked to the Consumer Price Index for Canada.

⁽⁴⁾ The rate of interest is variable throughout the year.

Treasury Bills

Treasury bills are short-term certificates of indebtedness issued by the Government of Canada to pay sums of money on given dates, and have the following characteristics:

- issued at a discount in lieu of interest payments;
- common terms: 3 months, 6 months and 12 months;
- issued in Canadian currency only;
- transferable; and,
- bought and sold on the open market.

Three-month and six-month bills are usually issued weekly, while other bills are issued every two weeks, usually for periods of one year or less.

The balance at March 31, 1996 consists of \$2,900 million in odd issue bills; \$50,700 million in three-month bills; \$46,600 million in six-month bills; and, \$65,900 million in 364-day bills.

Table 6.3 presents a monthly summary of Treasury bill issues and redemptions.

TABLE 6.3

TREASURY BILLS

(in millions of dollars)

| | Issues | | | | Redemptions | | | | Net change |
|---------------------------------|---------------|---------------|-------------|---------|---------------|---------------|-------------|---------|------------|
| | 3 month bills | 6 month bills | Other bills | Total | 3 month bills | 6 month bills | Other bills | Total | |
| April, 1995 | 17,300 | 8,600 | 12,550 | 38,450 | 14,800 | 8,500 | 9,150 | 32,450 | 6,000 |
| May | 14,900 | 7,300 | 8,700 | 30,900 | 14,200 | 6,500 | 12,450 | 33,150 | (2,250) |
| June | 19,700 | 10,200 | 12,200 | 42,100 | 21,400 | 9,200 | 11,500 | 42,100 | |
| July | 14,900 | 8,700 | 8,650 | 32,250 | 17,300 | 7,300 | 10,900 | 35,500 | (3,250) |
| August | 18,600 | 11,300 | 7,000 | 36,900 | 18,900 | 8,900 | 7,750 | 35,550 | 1,350 |
| September | 16,000 | 9,000 | 5,300 | 30,300 | 15,700 | 8,500 | 4,700 | 28,900 | 1,400 |
| October | 16,000 | 8,000 | 4,400 | 28,400 | 14,900 | 8,600 | 4,900 | 28,400 | |
| November | 17,000 | 8,100 | 5,800 | 30,900 | 18,600 | 9,300 | 6,800 | 34,700 | (3,800) |
| December | 13,600 | 6,200 | 5,000 | 24,800 | 16,000 | 8,200 | 4,400 | 28,600 | (3,800) |
| January, 1996 | 14,700 | 6,700 | 5,200 | 26,600 | 16,000 | 8,700 | 4,400 | 29,100 | (2,500) |
| February | 19,400 | 9,400 | 6,800 | 35,600 | 17,000 | 11,300 | 4,500 | 32,800 | 2,800 |
| March | 16,660 | 8,200 | 8,300 | 33,100 | 13,600 | 9,000 | 4,800 | 27,400 | 5,700 |
| Balance at April 1, 1995 | 198,760 | 101,700 | 89,900 | 390,300 | 198,400 | 104,000 | 86,250 | 388,650 | 1,650 |
| | | | | | | | | | 164,450 |
| Balance at March 31, 1996 | | | | | | | | | 166,100 |

Canada Savings Bonds

Canada savings bonds are interest-bearing certificates of indebtedness issued by the Government of Canada, and have the following characteristics:

- issued to Canadian residents;
- issued in Canadian currency only;
- registered in the name of the holder;
- fixed dates of maturity;
- not marketable;
- redeemable on demand by the holder, with accrued interest calculated to the end of the previous month;
- not subject to call before maturity; and,
- term to maturity of seven years or more.

Table 6.4 presents a summary of the balances and transactions for Canada savings bonds.

TABLE 6.4

CANADA SAVINGS BONDS

| Maturity date | % | Issue date | Series | April 1/1995 | Receipts and other credits | Payments and other charges | March 31/1996 |
|--|-------------------|---------------|--------------------|----------------|----------------------------|----------------------------|----------------|
| | | | | \$ | \$ | \$ | \$ |
| 1997—Nov 1 | 5.75-6.5-7.5-6.75 | 1987-88 | S42 | 3,916,360,800 | | 319,962,150 | 3,596,398,650 |
| 1998—Nov 1 | 5.75-6.5-7.5-6.75 | 1988-89 | S43 | 3,710,419,250 | | 300,238,450 | 3,410,180,800 |
| 2001—Nov 1 | 5.75-6.5-7.5-6.75 | 1989-90 | S44 | 2,956,506,500 | | 240,750,200 | 2,715,756,300 |
| 2002—Nov 1 | 5.75-6.5-7.5-6.75 | 1990-91 | S45 | 2,706,822,250 | | 234,151,250 | 2,472,671,000 |
| 2003—Nov 1 | 5.75-6.5-7.5-6.75 | 1991-92 | S46 | 3,939,402,700 | | 376,098,400 | 3,563,304,300 |
| 2004—Nov 1 | 5.75-6.5-7.5-6.75 | 1992-93 | S47 | 4,567,494,600 | | 447,865,100 | 4,119,629,500 |
| 2005—Nov 1 | 5.75-6.5-7.5-6.75 | 1993-94 | S48 | 3,011,752,200 | | 431,224,400 | 2,580,527,800 |
| 2006—Nov 1 | 5.75-6.5-7.5-6.75 | 1994-95 | S49 | 6,577,564,981 | | 2,066,613,581 | 4,510,951,400 |
| 2007—Nov 1 | 5.25 | 1995-96 | S50 ⁽¹⁾ | | 4,655,252,314 | 196,661,659 | 4,458,590,655 |
| | | | | 31,386,323,281 | 4,655,252,314 | 4,613,565,190 | 31,428,010,405 |
| Less: Government's holdings— | | | | | | | |
| Canada savings bonds held on account of employees | | | | 92,718,723 | 33,008,280 | 26,055,933 | 85,766,376 |
| Canada savings bonds held on account of the Payroll Savings Plan | | | | 774,797,500 | 35,118,000 | | 739,679,500 |
| Consolidation adjustment ⁽²⁾ | | | | 58,714,000 | | 83,919,000 | 142,633,000 |
| | | | | 926,230,223 | 68,126,280 | 109,974,933 | 968,078,876 |
| Total | | | | 30,460,093,058 | 4,723,378,594 | 4,723,540,123 | 30,459,931,529 |

⁽¹⁾ S50 includes bonds related to Government's participation in the Canada savings bonds Payroll Savings Plan.

⁽²⁾ Additional information on consolidated Crown corporations is provided in Section 4 of this volume.

Bonds for Canada Pension Plan

Bonds for Canada Pension Plan are interest-bearing certificates of indebtedness issued by the Government of Canada exclusively to the Canada Pension Plan Investment Fund, and have the following characteristics:

- not negotiable;
- not transferable;
- not assignable;
- issued in Canadian currency only;
- term to maturity of 20 years or less;
- interest payable semi-annually; and,
- redeemable at face value plus accrued interest.

Table 6.5 presents a summary of the balances and transactions for these bonds for Canada Pension Plan.

TABLE 6.5
BONDS FOR CANADA PENSION PLAN

| | April 1/1995 | Receipts and other credits | Payments and other charges | March 31/1996 |
|--------------------------------------|---------------|-------------------------------|-------------------------------|---------------|
| | \$ | \$ | \$ | \$ |
| Canada Pension Plan Investment Fund— | | | | |
| Matured 1995-96 | 10,217,000 | 1,379,444,000 | 1,389,661,000 | |
| Maturing 1996-97 | 10,651,000 | | | 10,651,000 |
| 1997-98 | 11,351,000 | | | 11,351,000 |
| 1998-99 | 12,015,000 | | | 12,015,000 |
| 1999-2000 | 17,709,000 | | | 17,709,000 |
| 2000-01 | 22,971,000 | | | 22,971,000 |
| 2001-02 | 17,622,000 | | | 17,622,000 |
| 2002-03 | 17,414,000 | | | 17,414,000 |
| 2003-04 | 17,259,000 | | | 17,259,000 |
| 2004-05 | 16,661,000 | | | 16,661,000 |
| 2005-06 | 239,955,000 | | | 239,955,000 |
| 2006-07 | 1,352,282,000 | | | 1,352,282,000 |
| 2007-08 | 699,981,000 | | | 699,981,000 |
| 2008-09 | 519,360,000 | | | 519,360,000 |
| 2009-10 | 71,112,000 | | | 71,112,000 |
| 2010-11 | 425,010,000 | | | 425,010,000 |
| 2011-12 | 15,763,000 | | | 15,763,000 |
| 2012-13 | 11,118,000 | | | 11,118,000 |
| Total | 3,488,451,000 | 1,379,444,000 | 1,389,661,000 | 3,478,234,000 |

Canada Bills

Canada bills are short-term certificates of indebtedness issued by the Government of Canada in the United States money market under the Government's foreign currency borrowing program. Canada bills provide Canada with an additional source of short-term US funds and have the following characteristics:

- issued at a discount in lieu of interest payments;
- term to maturity of not more than 270 days;
- transferable; and,
- bought and sold on the open market.

The year-end balance of Canada bills payable in US dollars was translated into Canadian dollars using the closing rate of exchange at March 31, 1996.

Table 6.6 presents a monthly summary of Canada bill issues and redemptions.

TABLE 6.6
CANADA BILLS

| | Issues | Redemptions | Net change |
|--|----------------|----------------|-----------------|
| | \$ | \$ | \$ |
| April, 1995..... | 1,731,034,204 | 3,192,069,118 | (1,461,034,914) |
| May..... | 1,535,260,595 | 3,400,415,405 | (1,865,154,810) |
| June..... | 2,030,119,873 | 2,448,178,944 | (418,059,071) |
| July..... | 2,193,489,495 | 2,292,595,480 | (99,105,985) |
| August..... | 1,882,384,293 | 2,484,600,474 | (602,216,181) |
| September..... | 1,680,149,130 | 1,811,206,500 | (131,057,370) |
| October..... | 1,343,138,421 | 1,534,064,709 | (190,926,288) |
| November..... | 908,937,252 | 1,059,691,538 | (150,754,286) |
| December..... | 1,634,213,084 | 1,647,581,151 | (13,368,067) |
| January, 1996..... | 1,694,412,553 | 1,774,522,774 | (80,110,221) |
| February..... | 2,815,627,574 | 1,804,756,990 | 1,010,870,584 |
| March..... | 4,002,924,801 | 2,019,605,314 | 1,983,319,487 |
| | 23,451,691,275 | 25,469,288,397 | (2,017,597,122) |
| Balance at April 1, 1995..... | | | 9,046,123,231 |
| Balance before revaluation..... | | | 7,028,526,109 |
| Exchange valuation adjustment at March 31, 1996..... | | | 42,976,361 |
| Balance at March 31, 1996..... | | | 6,985,549,748 |

Canada Notes

Canada notes are issued by the Government of Canada in the United States money market under the Government's foreign currency borrowing program. Canada notes provide Canada with an additional source of medium-term US funds.

The year-end balances of Canada notes payable in US dollars were translated into Canadian dollars using the closing rate of exchange at March 31, 1996.

Table 6.7 presents a summary of the balances and transactions for Canada notes.

TABLE 6.7
CANADA NOTES

| Maturity date | % | Issue date | Note # | April 1/1995 | Receipts and other credits ⁽¹⁾ | Payments and other charges ⁽¹⁾ | March 31/1996 |
|--------------------------------|-------|------------|--------|--------------|---|---|---------------|
| | | | | \$ | \$ | \$ | \$ |
| Payable in foreign currencies— | | | | | | | |
| US dollars— | | | | | | | |
| Maturing 1996-97 | | | | | | | |
| 1997—Mar 26 | 5.46 | Mar 26/96 | 003 | | 13,591,000 | | 13,591,000 |
| Mar 26 | 5.482 | Mar 26/96 | 004 | | 24,463,800 | | 24,463,800 |
| Mar 26 | 5.476 | Mar 26/96 | 006 | | 13,591,000 | | 13,591,000 |
| Mar 26 | 5.482 | Mar 26/96 | 007 | | 6,795,500 | | 6,795,500 |
| Mar 27 | 5.446 | Mar 26/96 | 008 | | 6,795,500 | | 6,795,500 |
| Mar 27 | 5.486 | Mar 27/96 | 009 | | 27,182,000 | | 27,182,000 |
| Mar 27 | 5.475 | Mar 27/96 | 010 | | 13,591,000 | | 13,591,000 |
| Mar 28 | 5.47 | Mar 28/96 | 015 | | 27,182,000 | | 27,182,000 |
| Mar 31 | 5.463 | Mar 29/96 | 013 | | 6,795,500 | | 6,795,500 |
| Mar 31 | 5.457 | Mar 29/96 | 014 | | 6,795,500 | | 6,795,500 |
| | | | | | 146,782,800 | | 146,782,800 |
| Maturing 1997-98 | | | | | | | |
| 1997—Apr 1 | 5.452 | Mar 29/96 | 016 | | 13,591,000 | | 13,591,000 |
| 1998—Mar 26 | 5.825 | Mar 26/96 | 001 | | 46,413,265 | | 46,413,265 |
| Mar 26 | 5.82 | Mar 26/96 | 002 | | 27,182,000 | | 27,182,000 |
| Mar 30 | 5.781 | Mar 29/96 | 012 | | 67,955,000 | | 67,955,000 |
| | | | | | 155,141,265 | | 155,141,265 |
| Maturing 1998-99 | | | | | | | |
| 1999—Mar 26 | 5.934 | Mar 26/96 | 005 | | 1,359,100 | | 1,359,100 |
| Maturing 2000-01 | | | | | | | |
| 2001—Mar 27 | 6.188 | Mar 27/96 | 011 | | 6,795,500 | | 6,795,500 |
| Total | | | | | 310,078,665 | | 310,078,665 |

⁽¹⁾ This column includes the translation of Canada notes payable in foreign currencies into Canadian dollars using closing rates of exchange at March 31.

Interest Rates

Table 6.8 sets out unmatured debt as at March 31, for each of the years 1991-92 to 1995-96 inclusive, with the average rate of interest thereon. For purposes of comparison, unmatured debt is classified as to marketable bonds, Treasury bills, non-marketable bonds (include Canada savings bonds and the bonds for the Canada Pension Plan), Canada bills and Canada notes and loans.

TABLE 6.8

UNMATURED DEBT AS AT MARCH 31, FROM 1992 TO 1996, WITH THE AVERAGE RATE OF INTEREST THEREON

| | Marketable bonds | | Treasury bills | | Canada savings bonds | | Bonds for the Canada Pension Plan | | Canada bills | | Canada notes and loans | | Total unmatured debt | |
|------------|---------------------|-----------------------|---------------------|-----------------------|----------------------|-----------------------|-----------------------------------|-----------------------|---------------------|-----------------------|------------------------|-----------------------|----------------------|-----------------------|
| | Amount out-standing | Average interest rate | Amount out-standing | Average interest rate | Amount out-standing | Average interest rate | Amount out-standing | Average interest rate | Amount out-standing | Average interest rate | Amount out-standing | Average interest rate | Amount out-standing | Average interest rate |
| | \$(millions) | % | \$(millions) | % | \$(millions) | % | \$(millions) | % | \$(millions) | % | \$(millions) | % | \$(millions) | % |
| 1996 | 262,214 | 8.39 | 166,100 | 5.89 | 30,460 | 6.58 | 3,478 | 10.21 | 6,985 | 5.20 | 310 | 5.64 | 469,547 | 7.34 |
| 1995 | 233,554 | 8.58 | 164,450 | 7.60 | 30,460 | 5.75 | 3,488 | 10.21 | 9,046 | 6.16 | | | 440,998 | 7.97 |
| 1994 | 208,411 | 8.79 | 166,000 | 4.47 | 30,418 | 5.5 | 3,497 | 10.20 | 5,649 | 3.44 | | | 413,975 | 6.75 |
| 1993 | 181,270 | 9.59 | 162,050 | 6.39 | 33,364 | 6 | 3,505 | 10.20 | 2,552 | 3.19 | | | 382,741 | 7.88 |
| 1992 | 161,488 | 10.25 | 152,300 | 7.68 | 34,589 | 7.5 | 3,501 | 10.19 | | | 7 | 8.5 | 351,885 | 8.86 |

Note: The interest rate in effect at March 31 is used where various rates of interest are applicable.

Table 6.9 shows the average high and low yields of Treasury bills, at tender, together with the average yield on the latest issues for the years 1991-92 to 1995-96 inclusively.

TABLE 6.9

TREASURY BILLS AVERAGE YIELDS AT TENDER

| | High | Low | Last issue |
|---------------------|------|------|------------|
| Year ended March 31 | % | % | % |
| Three-month bills— | | | |
| 1996 | 5.02 | 8.29 | 5.02 |
| 1995 | 8.35 | 5.29 | 8.22 |
| 1994 | 5.39 | 3.62 | 5.39 |
| 1993 | 8.57 | 4.68 | 5.21 |
| 1992 | 9.56 | 6.83 | 7.24 |
| Six-month bills— | | | |
| 1996 | 4.98 | 8.36 | 5.24 |
| 1995 | 8.54 | 5.59 | 8.28 |
| 1994 | 5.88 | 3.75 | 5.88 |
| 1993 | 8.58 | 4.69 | 5.57 |
| 1992 | 9.41 | 6.84 | 7.41 |
| Other bills— | | | |
| 1996 | 5.08 | 8.30 | 5.58 |
| 1995 | 8.96 | 4.84 | 8.27 |
| 1994 | 6.26 | 3.93 | 6.25 |
| 1993 | 8.18 | 4.84 | 4.87 |
| 1992 | 9.62 | 6.90 | 7.14 |

Maturity of Government Debt

Table 6.10 presents total unmaturred debt arranged in order of maturity.

TABLE 6.10
MATURITY OF GOVERNMENT DEBT

| | Marketable bonds | | Treasury bills | | Canada savings bonds | | Bonds for the Canada Pension Plan | | Canada bills | | Canada notes | | Total unmaturred debt | |
|--|-----------------------|-------|-----------------------|------|-----------------------|------|-----------------------------------|-------|-----------------------|------|-----------------------|------|-----------------------|-------|
| | Average interest rate | | Average interest rate | | Average interest rate | | Average interest rate | | Average interest rate | | Average interest rate | | Average interest rate | |
| | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % | Amount | % |
| | \$(millions) | | \$(millions) | | \$(millions) | | \$(millions) | | \$(millions) | | \$(millions) | | \$(million) | |
| 1997 | 26,055 | 8.14 | 166,100 | 5.89 | | | 11 | 9.00 | 6,985 | 5.20 | 147 | 5.47 | 199,298 | 6.16 |
| 1998 | 30,691 | 7.24 | | | 3,597 | 6.75 | 11 | 9.08 | | | 155 | 5.77 | 34,454 | 7.18 |
| 1999 | 26,693 | 7.18 | | | 3,410 | 6.75 | 12 | 9.56 | | | 2 | 5.93 | 30,117 | 7.13 |
| 2000 | 19,803 | 8.68 | | | | | 17 | 10.51 | | | | | 19,820 | 8.68 |
| 2001 | 28,989 | 8.55 | | | | | 23 | 12.98 | | | 6 | 6.19 | 29,018 | 8.55 |
| 2002/06 .. | 71,905 | 8.88 | | | 15,452 | 6.75 | 309 | 11.85 | | | | | 87,666 | 8.52 |
| 2007/11 .. | 19,600 | 9.80 | | | 8,969 | 6.00 | 3,068 | 10.04 | | | | | 31,637 | 8.75 |
| 2012/16 .. | 6,250 | 10.42 | | | | | 27 | 9.69 | | | | | 6,277 | 10.41 |
| 2017/21 .. | 1,809 | 10.50 | | | | | | | | | | | 1,809 | 10.50 |
| 2022/26 .. | 29,828 | 7.98 | | | | | | | | | | | 29,828 | 7.98 |
| 2027/31 .. | 657 | 4.25 | | | | | | | | | | | 657 | 4.25 |
| | 262,280 | 8.39 | 166,100 | 5.89 | 31,428 | 6.54 | 3,478 | 10.21 | 6,985 | 5.20 | 310 | 5.64 | 470,581 | 7.35 |
| Less: Gov- ernment's hold- ings | 66 | 8.14 | | | 968 | 5.25 | | | | | | | 1,034 | 5.43 |
| | 262,214 | 8.39 | 166,100 | 5.89 | 30,460 | 6.58 | 3,478 | 10.21 | 6,985 | 5.20 | 310 | 5.64 | 469,547 | 7.34 |

Note: This table includes unmaturred debt issued by the Government of Canada. Borrowings of agent enterprise Crown corporations which are unconditional obligations of the Government, but not included in unmaturred debt, can be found in Table 6.11.

Statement of all Borrowing Transactions on behalf of Her Majesty

Table 6.11 presents the information required by section 49 of the *Financial Administration Act*. The borrowing transactions included in this table are: borrowings by the Government for general purposes, and borrowings by agent

enterprise Crown corporations. Borrowings by non-agent enterprise Crown corporations are not included because such borrowings are not on behalf of Her Majesty.

TABLE 6.11
STATEMENT OF ALL BORROWING TRANSACTIONS ON BEHALF OF HER MAJESTY
(in millions of dollars)

| | April 1/1995 | Issues/ Borrowings | Retirements | March 31/1996 |
|--|----------------|-----------------------|----------------|----------------|
| Unmaturred debt of the Government of Canada ⁽¹⁾ | 440,998 | 476,313 | 447,764 | 469,547 |
| Borrowings of enterprise Crown corporations designated as agents of Her Majesty ⁽²⁾ | 22,916 | 108,541 | 106,087 | 25,370 |
| Total | 463,914 | 584,854 | 553,851 | 494,917 |

⁽¹⁾ Details can be found in this section.

⁽²⁾ Details can be found in Section 9 (Table 9.6) of this volume.

PENSION AND OTHER ACCOUNTS

Pension and other accounts are specified purpose accounts which represent the recorded value of the financial obligations of the Government in its role as administrator of certain public moneys received or collected for specified purposes, under or pursuant to the legislation, trusts, treaties, undertakings or contracts. These public moneys may be paid out only for the purposes specified in or pursuant to the legislation, trusts, treaties, undertakings or contracts.

Because of the dedicated purposes of these moneys, specific accounts are required to be maintained to provide an accounting mechanism to ensure that the moneys are used only for the purposes for which they were received or collected. Legislation relating to some accounts permits investments to be made and, in certain cases, the balances of the accounts earn interest.

Public Sector Pensions

The liability for public sector pensions represents the Government's obligations for its major pension plans. An allowance account is used to record the accumulated amortization of any shortfall or excess between the liability for public sector pensions and the balances of the superannuation accounts as determined on an actuarial basis for accounting purposes.

The Government sponsors defined benefit pension plans for substantially all its full-time employees, principally members of the Public Service, the Canadian Forces and the Royal Canadian Mounted Police. It also has obligations for several other pension plans; the two most significant ones being for Members of Parliament and federally appointed judges.

The legislation provides that all pension obligations arising from these plans be met but separate funds are not maintained.

i. Pension plans

Employee pension plans

Basic pensions for the three major employee plans are generally based on the best six consecutive years' average earnings and are accrued at 2 percent of these average earnings per year of service, to a maximum of 70 percent of final average earnings. Basic pensions are indexed annually (on January 1) to the cost of living.

Employee contributions for these benefits are 7.5 percent of pay, less contributions to the Canada or Quebec Pension Plan. Employer contributions are made monthly to provide for the cost of the benefits that have accrued in respect of that month at a rate determined by the President of the Treasury Board. In 1995-96, the employer contribution rates averaged about 1.4, 2.7 and 2.1 times the current year's employee contribution for the plans of the *Public Service Superannuation Act*, the *Canadian Forces Superannuation Act* and the *Royal Canadian Mounted Police Superannuation Act*, respectively.

To reflect the *Income Tax Act* restrictions on the benefits payable from registered pension plans, pension legislation (*Act to amend certain Acts in relation to pensions and to enact the Special Retirement Arrangements Act and the Pension Benefits Division Act*) introduced a number of provisions, including the *Special Retirement Arrangements Act* (SRAA), to allow various federal service superannuation plans to adapt to the tax restrictions. During the year, the *Public Service Superannuation Act* was amended to specify that contributions and benefits under that Act will be based on a maximum salary rate to be determined each year. A retirement compensation arrangement account was also established under the SRAA to record transactions for those pension benefits above the limits allowed under the *Income Tax Act*.

During the year, the *Public Service Superannuation Act* was amended to reduce the time for vesting and lock-in and to increase pension portability. The one time cost of providing this benefit to existing contributors has been estimated at \$415 million and was charged to the current year's pension cost.

Contributions are credited to the superannuation accounts. The accounts earn interest at rates that are based on the Government of Canada long-term bond rate. The interest rate earned by the accounts was about 10.4 percent for 1995 and 1996.

Members of Parliament retiring allowances

Members of Parliament are eligible to receive a basic retiring allowance upon termination of membership after having contributed to the plan for at least six years. The basic allowance is based on the best six year average sessional indemnity and is accrued at a rate of 5 percent and 3 percent of these average indemnities for Members of the House of Commons and for Senators, respectively. Basic allowances are indexed annually (on January 1) to the cost of living.

Members' contributions for these benefits are 11 percent for Members of the House of Commons and 7 percent for Senators. The Government contributions are made monthly to provide for the cost of the benefits that have accrued in respect of that month at a rate determined by the President of the Treasury Board. The Government contributions expressed as a multiple of Members' contributions, are as follows:

| | 1996 | 1995 |
|--|------|------|
| Members of Parliament | | |
| House of Commons | | |
| Retiring allowances account | 2.34 | 2.48 |
| Retiring compensation arrangements | 7.24 | 7.83 |
| The Senate | | |
| Retirement allowances account | 1.77 | 1.62 |
| Retirement compensation arrangements | 2.85 | 2.79 |

Contributions are credited to the appropriate superannuation accounts. The accounts earn interest at a rate of 2.5 percent per quarter.

Pension plan for federally appointed judges

This plan provides fully-indexed annuities to judges and to all eligible survivors providing they meet minimum age and service requirements. Unlike other pension plans, the judges' plan lacks an explicit accrual rate for benefits instead, the full benefit amount is generally payable when the member reaches age 65 and completed 15 years of pensionable service.

Judges appointed to the bench before February 17, 1975 make required contributions of 1.5 percent of salary. All other judges make contributions of 7 percent of salary. No specified purpose account is maintained for this pension plan. Benefits are included in the Statement of Revenues and Expenditures as a component of other transfer payments. During the year, the benefit payments charged to expenditures amounted to \$38 million.

ii. Actuarial valuations

As required under the *Public Pensions Reporting Act*, actuarial valuations are performed triennially on the five major pension plans using the projected benefit method pro-rated on services.

The most recent review date for the actuarial valuation of each pension plan is as follows:

Public Service—December 31, 1992;

Canadian Forces—December 31, 1993;

Royal Canadian Mounted Police—December 31, 1992;

Federally appointed judges—March 31, 1995;

Members of Parliament—March 31, 1995.

As at March 31, 1996, the actuarial valuation reports for the Canadian Forces and the federally appointed judges pension plans were not tabled before Parliament.

In accordance with the legislation governing the major pension plans, the President of the Treasury Board has the authority to direct that any actuarial deficiency found will be divided into equal instalments and credited to the appropriate account over a period not exceeding fifteen years commencing in the year in which the actuarial report is laid before Parliament. In the current year, no actuarial deficit was credited to the appropriate accounts.

Table 6.12 presents a summary of the balances and transactions for the liability for public sector pensions. Receipts and other credits for the superannuation accounts consist of contributions from employees, related contributions from the Government and participating Public Service corporations, transfers from other pension funds, other contributions related to actuarial liability adjustments and interest. Payments and other charges for the superannuation accounts consist of annuity payments for pensions, minimum benefits, cash termination allowances (lump sum payments to employees suffering a disability), refunds of contributions, and transfers to other plans. Adjustments to the allowance account result from annual actuarial valuations performed for accounting purposes.

TABLE 6.12
PUBLIC SECTOR PENSIONS

| | April 1/1995 | Receipts and other credits | Payments and other charges | March 31/1996 |
|---|-----------------|-------------------------------|-------------------------------|-----------------|
| | \$ | \$ | \$ | \$ |
| Public Service Superannuation Account, | | | | |
| Table 6.14 | 59,941,130,441 | 7,968,568,673 | 2,912,382,981 | 64,997,316,133 |
| Allowance for pension adjustments | (203,000,000) | 686,000,000 | 1,165,000,000 | (682,000,000) |
| | 59,738,130,441 | 8,654,568,673 | 4,077,382,981 | 64,315,316,133 |
| Canadian Forces Superannuation Account, | | | | |
| Table 6.15 | 34,544,573,856 | 4,118,507,349 | 1,540,920,778 | 37,122,160,427 |
| Allowance for pension adjustments | (1,282,000,000) | | 1,065,000,000 | (2,347,000,000) |
| | 33,262,573,856 | 4,118,507,349 | 2,605,920,778 | 34,775,160,427 |
| Royal Canadian Mounted Police Superannuation Account, | | | | |
| Table 6.16 | 6,819,813,966 | 885,139,707 | 177,247,664 | 7,527,706,009 |
| Allowance for pension adjustments | (258,000,000) | | 159,000,000 | (417,000,000) |
| | 6,561,813,966 | 885,139,707 | 336,247,664 | 7,110,706,009 |
| Members of Parliament Retiring Allowances Account, | | | | |
| Table 6.17 | 235,051,927 | 26,609,379 | 15,884,219 | 245,777,087 |
| Allowance for pension adjustments | 42,000,000 | | 7,000,000 | 35,000,000 |
| | 277,051,927 | 26,609,379 | 22,884,219 | 280,777,087 |
| Members of Parliament Retirement Compensation Arrangements Account, Table 6.18 | 21,963,436 | 9,782,478 | 6,145,755 | 25,600,159 |
| Allowance for pension adjustments | | | 1,000,000 | (1,000,000) |
| | 21,963,436 | 9,782,478 | 7,145,755 | 24,600,159 |
| Retirement Compensation Arrangements (RCA) Account, Table 6.19 | 1,646,797 | 526,635,568 | 120,359,865 | 407,922,500 |
| Allowance for pension adjustments | 594,000,000 | 301,000,000 | 507,000,000 | 388,000,000 |
| | 595,646,797 | 827,635,568 | 627,359,865 | 795,922,500 |
| Supplementary Retirement Benefits Account, | | | | |
| Table 6.20 | 43,288,625 | 6,216,116 | 36,844 | 49,467,897 |
| Allowance for pension adjustments | 532,000,000 | | 2,000,000 | 530,000,000 |
| | 575,288,625 | 6,216,116 | 2,036,844 | 579,467,897 |
| Total | 101,032,469,048 | 14,528,459,270 | 7,678,978,106 | 107,881,950,212 |
| SUMMARY— | | | | |
| Superannuation accounts | 101,607,469,048 | 13,541,459,270 | 4,772,978,106 | 110,375,950,212 |
| Allowance for pension adjustments | (575,000,000) | 987,000,000 | 2,906,000,000 | (2,494,000,000) |
| Total | 101,032,469,048 | 14,528,459,270 | 7,678,978,106 | 107,881,950,212 |

Table 6.13 presents a summary of transactions in public sector pensions that resulted in charges to expenditures.

TABLE 6.13

SUMMARY OF TRANSACTIONS IN PUBLIC SECTOR PENSIONS THAT RESULTED IN CHARGES TO EXPENDITURES

(in millions of dollars)

| | 1995-96 | | | | | | |
|--|--------------------------|----------|--------------|---------------------------------------|--|---------------------------------------|--------|
| | Statutory payments under | | | | Total before allowance for pension adjustments | Net allowance for pension adjustments | Total |
| | Government contributions | Interest | Various acts | Supplementary Retirement Benefits Act | | | |
| Public Service Superannuation Account | 881 | 6,184 | | | 7,065 | (479) | 6,586 |
| Canadian Forces Superannuation Account | 410 | 3,551 | | | 3,961 | (1,065) | 2,896 |
| Defence Services Pension | | | | | | | |
| Continuation Act | | | 4 | 15 | 19 | | 19 |
| Royal Canadian Mounted Police | | | | | | | |
| Superannuation Account | 119 | 708 | | | 827 | (159) | 668 |
| Royal Canadian Mounted Police | | | | | | | |
| Continuation Act | | | 8 | 20 | 28 | | 28 |
| Members of Parliament Retiring Allowances Account .. | 2 | 24 | | | 26 | (7) | 19 |
| Members of Parliament Retirement Compensation | | | | | | | |
| Arrangements Account | 6 | 3 | | | 9 | (1) | 8 |
| Retirement Compensation Arrangements (RCA) | | | | | | | |
| Account | 515 | 8 | | | 523 | (206) | 317 |
| Supplementary Retirement Benefits Account | 1 | 3 | | | 4 | (2) | 2 |
| Judges Act | | | 38 | | 38 | | 38 |
| Other (diplomatic services, lieutenant | | | | | | | |
| governors, etc.) | | | 1 | | 1 | | 1 |
| Subtotal | 1,934 | 10,481 | 51 | 35 | 12,501 | (1,919) | 10,582 |
| Less: costs already provided for in | | | | | | | |
| the allowance for pension | | | | | | | |
| adjustments in 1994-95 | (507) | | | | (507) | 507 | |
| Total | 1,427 | 10,481 | 51 | 35 | 11,994 | (1,412) | 10,582 |

Public Service Superannuation Account

This account is operated under the *Public Service Superannuation Act*.

No actuarial liability adjustment was made in either 1994-95 or 1995-96 as a result of triennial actuarial reviews.

TABLE 6.14**PUBLIC SERVICE SUPERANNUATION ACCOUNT**

| | 1995-96 | 1994-95 |
|--|----------------|----------------|
| | \$ | \$ |
| Opening balance | 59,941,130,441 | 55,094,335,222 |
| RECEIPTS AND OTHER CREDITS— | | |
| Contributions— | | |
| Government employees | 539,649,059 | 577,806,599 |
| Retired employees | 38,820,619 | 35,947,049 |
| Public Service corporation employees | 160,815,658 | 153,050,504 |
| Employer contributions— | | |
| Government | 880,610,168 | 883,289,923 |
| Public Service corporations | 151,610,339 | 148,683,231 |
| Transfers from other pension funds .. | 13,508,963 | 5,977,720 |
| Interest | 6,183,553,867 | 5,715,342,982 |
| | 7,968,568,673 | 7,520,098,008 |
| | 67,909,699,114 | 62,614,433,230 |
| PAYMENTS AND OTHER CHARGES— | | |
| Annuities | 2,705,981,767 | 2,510,754,710 |
| Cash termination allowances | 185,887 | 99,880 |
| Minimum benefits | 14,491,526 | 16,069,539 |
| Pension division payments | 33,657,792 | |
| Returns of contributions— | | |
| Government employees | 109,705,955 | 62,498,944 |
| Public Service corporation employees | 25,214,523 | 26,187,734 |
| Transfers to other pension funds | 23,145,531 | 57,691,982 |
| | 2,912,382,981 | 2,673,302,789 |
| Closing balance | 64,997,316,133 | 59,941,130,441 |

Canadian Forces Superannuation Account

This account is operated under the *Canadian Forces Superannuation Act*.

No actuarial liability adjustment was made in either 1994-95 or 1995-96 as a result of triennial actuarial reviews.

TABLE 6.15**CANADIAN FORCES SUPERANNUATION ACCOUNT**

| | 1995-96 | 1994-95 |
|---|----------------|----------------|
| | \$ | \$ |
| Opening balance | 34,544,573,856 | 32,021,514,134 |
| RECEIPTS AND OTHER CREDITS— | | |
| Contributions from personnel | 152,069,273 | 167,803,189 |
| Contributions by the Government | 409,844,722 | 437,190,753 |
| Interest | 3,551,180,996 | 3,312,672,981 |
| Other | 5,412,358 | 4,760,646 |
| | 4,118,507,349 | 3,922,427,569 |
| | 38,663,081,205 | 35,943,941,703 |
| PAYMENTS AND OTHER CHARGES— | | |
| Pensions and retiring allowance payments | 1,459,399,058 | 1,366,275,533 |
| Pension division payments | 43,402,158 | |
| Cash termination allowances and returns of contributions | 37,043,598 | 32,036,607 |
| Transfers to Public Service Superannuation Account (Treasury Board) | 1,075,964 | 1,055,707 |
| | 1,540,920,778 | 1,399,367,847 |
| Closing balance | 37,122,160,427 | 34,544,573,856 |

Royal Canadian Mounted Police Superannuation Account

This account is operated under the *Royal Canadian Mounted Police Superannuation Act*.

No actuarial liability adjustment was made in either 1994-95 or 1995-96 as a result of triennial actuarial reviews.

TABLE 6.16

ROYAL CANADIAN MOUNTED POLICE SUPERANNUATION ACCOUNT

| | 1995-96 | 1994-95 |
|--|---------------|---------------|
| | \$ | \$ |
| Opening balance..... | 6,819,813,966 | 6,138,413,983 |
| RECEIPTS AND OTHER CREDITS— | | |
| Contributions from personnel (current and arrears) | 57,227,109 | 59,763,752 |
| Transfers from other pension funds | 260,412 | 297,352 |
| Contributions by the Government | 119,444,367 | 125,890,057 |
| Interest | 708,207,819 | 641,949,767 |
| | 885,139,707 | 827,900,928 |
| | 7,704,953,673 | 6,966,314,911 |
| PAYMENTS AND OTHER CHARGES— | | |
| Annuities and allowance payments | 165,924,932 | 144,634,567 |
| Pension division payments | 8,901,121 | |
| Return of contributions | 1,829,746 | 1,451,738 |
| Cash termination allowance and gratuities..... | 100,308 | 73,504 |
| Transfers to other pension funds..... | 220,369 | 118,450 |
| Interest on returns of contributions | 271,188 | 222,686 |
| | 177,247,664 | 146,500,945 |
| Closing balance | 7,527,706,009 | 6,819,813,966 |

Members of Parliament Retiring Allowances Account

This account was established by the *Members of Parliament Retiring Allowances Act*, to provide pension benefits to eligible Members of Parliament who contributed to the plan. "Member" means a Member of the Senate or the House of Commons. Benefits are also available to the surviving spouse and/or dependent children of Members who served on or after a certain date and contributed under the Act.

TABLE 6.17

MEMBERS OF PARLIAMENT RETIRING ALLOWANCES ACCOUNT

| | 1995-96 | 1994-95 |
|--|-------------|-------------|
| | \$ | \$ |
| Opening balance | 235,051,927 | 224,726,544 |
| RECEIPTS AND OTHER CREDITS— | | |
| Members' contributions— | | |
| Current | 883,948 | 972,578 |
| Arrears of principal, interest and mortality insurance | 106,557 | 97,961 |
| Government contributions— | | |
| Current | 1,685,476 | 1,884,100 |
| Interest | 23,933,398 | 22,861,864 |
| | 26,609,379 | 25,816,503 |
| | 261,661,306 | 250,543,047 |
| PAYMENTS AND OTHER CHARGES— | | |
| Annual allowances..... | 14,947,496 | 15,432,287 |
| Withdrawal allowances | 339,247 | 54,599 |
| Interest on withdrawals..... | 6,378 | 4,234 |
| Pension division payments..... | 591,098 | |
| | 15,884,219 | 15,491,120 |
| Closing balance | 245,777,087 | 235,051,927 |

Members of Parliament Retirement Compensation Arrangements Account

This account was established by the *Members of Parliament Retiring Allowances Act*, to provide for benefits in respect of pension credits accrued by Members of Parliament which are not payable out of the Members of Parliament Retiring Allowances Account. Benefits are also available to the surviving spouse and/or dependent children of Members.

TABLE 6.18

MEMBERS OF PARLIAMENT RETIREMENT COMPENSATION ARRANGEMENTS ACCOUNT

| | 1995-96 | 1994-95 |
|--------------------------------|------------|------------|
| | \$ | \$ |
| Opening balance..... | 21,963,436 | 15,832,492 |
| RECEIPTS AND OTHER CREDITS— | | |
| Members' contributions— | | |
| Current..... | 1,246,927 | 1,610,329 |
| Government contributions— | | |
| Current..... | 5,971,846 | 9,058,349 |
| Interest..... | 2,563,705 | 2,025,049 |
| | 9,782,478 | 12,693,727 |
| | 31,745,914 | 28,526,219 |
| PAYMENTS AND OTHER CHARGES— | | |
| Annual allowances..... | 762,478 | 727,802 |
| Refundable tax remitted to | | |
| Revenue Canada..... | 4,808,645 | 5,807,226 |
| Withdrawals..... | 527,216 | 27,755 |
| Pension division payments..... | 47,416 | |
| | 6,145,755 | 6,562,783 |
| Closing balance..... | 25,600,159 | 21,963,436 |

Retirement Compensation Arrangements (RCA) Account

The RCA Account No.1 was established by the *Special Retirement Arrangements Act* (SRAA) to provide pension benefits for federal employees under retirement compensation arrangements. RCA Account No.1 pays those pension benefits above the amount that may, in accordance with the *Income Tax Act* restrictions on registered pension plans, be paid under the *Public Service Superannuation Act*, the *Canadian Forces Superannuation Act* and the *RCMP Superannuation Act*. The RCA Account No.1 was created effective December 15, 1994.

The RCA Account No.2 was established by the Retirement Compensation Arrangement regulations. These regulations established a 3 year program for Public Service employees who are declared surplus as part of the Government's downsizing initiative, who are between age 50 and 54 and who meet other conditions specified in the regulations. RCA Account No.2 pays the difference between a pension not reduced for early retirement and the reduced pension payable from the Public Service Superannuation Account. It is funded entirely by the Government. The RCA Account No.2 was created effective April 1, 1995.

TABLE 6.19

RETIREMENT COMPENSATION ARRANGEMENTS (RCA) ACCOUNT

| | RCA Account No.1 | | | | | | RCA Account No.2 | | | |
|--|------------------|-----------|-----------------|---------|-------------------------------|---------|------------------|---------|-------------|-----------|
| | Public Service | | Canadian Forces | | Royal Canadian Mounted Police | | Public Service | | Total | |
| | 1995-96 | 1994-95 | 1995-96 | 1994-95 | 1995-96 | 1994-95 | 1995-96 | 1994-95 | 1995-96 | 1994-95 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Opening balance | 1,646,420 | | | | 377 | | | | 1,646,797 | |
| RECEIPTS AND OTHER CREDITS— | | | | | | | | | | |
| Contributions— | | | | | | | | | | |
| Government employees | 1,379,933 | 308,628 | 137,293 | | 9,910 | 377 | | | 1,527,136 | 309,005 |
| Public Service corporation employees | 551,553 | 59,989 | | | | | | | 551,553 | 59,989 |
| Employer contributions— | | | | | | | | | | |
| Government | 7,031,114 | 1,219,490 | 592,615 | | | | 507,008,265 | | 514,631,994 | 1,219,490 |
| Public Service corporations | 2,306,166 | 58,500 | | | | | | | 2,306,166 | 58,500 |
| Interest | 544,247 | | 17,814 | | | | 7,056,658 | | 7,618,719 | |
| | 11,813,013 | 1,646,607 | 747,722 | | 9,910 | 377 | 514,064,923 | | 526,635,568 | 1,646,984 |
| | 13,459,433 | 1,646,607 | 747,722 | | 10,287 | 377 | 514,064,923 | | 528,282,365 | 1,646,984 |
| PAYMENTS AND OTHER CHARGES— | | | | | | | | | | |
| Annuities | 7,236 | | 4,341 | | | | 15,855,262 | | 15,866,839 | |
| Returns of contributions— | | | | | | | | | | |
| Government | 2,384 | | | | | | | | 2,384 | |
| Public Service corporation employees | 7,899 | 187 | | | | | | | 7,899 | 187 |
| Refundable tax | 4,638,355 | | | | | | 99,844,388 | | 104,482,743 | |
| | 4,655,874 | 187 | 4,341 | | | | 115,699,650 | | 120,359,865 | 187 |
| Closing balance | 8,803,559 | 1,646,420 | 743,381 | | 10,287 | 377 | 398,365,273 | | 407,922,500 | 1,646,797 |

Supplementary Retirement Benefits Account

This account was established by the *Supplementary Retirement Benefits Act*, to provide for pension benefit increases resulting from changes in the Consumer Price Index.

The account continues to provide for increased pension benefits resulting from indexation for pensions of life senators, federally appointed judges, and recipients of pensions under various Continuation Acts and other Acts.

TABLE 6.20
SUPPLEMENTARY RETIREMENT BENEFITS ACCOUNT

| | Royal Canadian Mounted Police | | Parliament | | Others ⁽¹⁾ | | Total | |
|-----------------------------|-------------------------------|-----------|------------|---------|-----------------------|------------|------------|------------|
| | 1995-96 | 1994-95 | 1995-96 | 1994-95 | 1995-96 | 1994-95 | 1995-96 | 1994-95 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Opening balance..... | 5,243,275 | 4,825,757 | 89,833 | 81,192 | 37,955,517 | 32,036,776 | 43,288,625 | 36,943,725 |
| RECEIPTS AND OTHER CREDITS— | | | | | | | | |
| Employee contributions— | | | | | | | | |
| Government..... | | | 644 | 772 | 1,364,228 | 1,238,157 | 1,364,872 | 1,238,929 |
| Matching contributions— | | | | | | | | |
| Government..... | | | 644 | 773 | 1,363,813 | 1,303,629 | 1,364,457 | 1,304,402 |
| Interest..... | 308,116 | 417,518 | 6,852 | 7,096 | 3,171,819 | 3,422,921 | 3,486,787 | 3,847,535 |
| | 308,116 | 417,518 | 8,140 | 8,641 | 5,899,860 | 5,964,707 | 6,216,116 | 6,390,866 |
| | 5,551,391 | 5,243,275 | 97,973 | 89,833 | 43,855,377 | 38,001,483 | 49,504,741 | 43,334,591 |
| PAYMENTS AND OTHER CHARGES— | | | | | | | | |
| Annuities..... | | | | | 36,844 | 45,966 | 36,844 | 45,966 |
| Closing balance..... | 5,551,391 | 5,243,275 | 97,973 | 89,833 | 43,818,533 | 37,955,517 | 49,467,897 | 43,288,625 |

⁽¹⁾ Includes all federally appointed judges, lieutenant governors and diplomatic services.

Allowance for Pension Adjustments

This account records the required accounting adjustments resulting from annual actuarial valuations.

As a result of annual actuarial valuations for accounting purposes, the liability for public sector pensions was found to be \$23,846 million lower than the balance of the superannuation accounts. This amount is made of:

- an excess of \$11,263 million related to the Public Service pension plan;
- an excess of \$11,015 million related to the Canadian Forces pension plan;
- an excess of \$2,118 million related to the Royal Canadian Mounted Police pension plan;
- an excess of \$35 million related to the Members of Parliament retiring allowances; and,
- a shortfall of \$585 million related to the federally appointed judges pension plan.

To recognize the liability for public sector pensions, \$987 million (\$572 million related to public sector restructuring and \$415 million for an amendment to the Public Service pension plan) was recorded in the account and charged to other program expenditures in 1995-96.

Pension adjustments of \$2,906 million (\$2,399 million is due to experience gains and losses and changes in actuarial assumptions and \$507 million was transferred to a Retirement Compensation Arrangements Account) were charged to this account and reduced the pension costs of the year (\$1,959 million in 1995). The unamortized estimation adjustments of \$21,352 million (\$18,653 million in 1995) will be amortized to this account and will reduce expenditures in future years.

Canada Pension Plan

The Canada Pension Plan is a compulsory contributory social insurance program which is designed to provide a measure of protection to Canadian workers and their families against loss of earnings due to retirement, disability or death. Established in 1965, the Plan operates in all parts of Canada, except the Province of Quebec which has a comparable plan.

Under existing arrangements, all pensions, benefits and expenditures incurred in the administration of the Plan are financed from contributions made by employees, employers and self-employed persons, and from interest earned from the investment of funds.

The Government's authority to spend, as administrator of the Canada Pension Plan, is limited to the balance in the Account.

Table 6.21 presents a summary of the balances and transactions in the Canada Pension Plan Account less investment in securities of the federal, provincial and territorial governments held by the Canada Pension Plan Investment Fund.

TABLE 6.21
CANADA PENSION PLAN

| | April 1/1995 | Receipts and other credits | Payments and other charges | March 31/1996 |
|---|-----------------------|-------------------------------|-------------------------------|-----------------------|
| | \$ | \$ | \$ | \$ |
| Canada Pension Plan Account, Table 6.22 | 40,372,827,042 | 14,982,937,133 | 16,188,269,289 | 39,167,494,886 |
| Less: securities held by the Canada Pension Plan Investment Fund — | | | | |
| Canada | 3,488,451,000 | 10,217,000 | | 3,478,234,000 |
| Newfoundland | 766,693,000 | 29,429,000 | | 737,264,000 |
| Nova Scotia | 1,394,037,000 | 57,325,000 | | 1,336,712,000 |
| Prince Edward Island | 167,929,000 | 6,042,000 | | 161,887,000 |
| New Brunswick | 1,031,704,000 | 43,184,000 | | 988,520,000 |
| Quebec | 126,807,000 | 8,021,000 | | 118,786,000 |
| Ontario | 16,553,793,000 | 784,084,000 | | 15,769,709,000 |
| Manitoba | 1,958,881,000 | 83,370,000 | | 1,875,511,000 |
| Saskatchewan | 1,650,068,000 | 62,596,000 | | 1,587,472,000 |
| Alberta | 4,613,938,000 | 137,694,000 | | 4,476,244,000 |
| British Columbia | 5,210,745,000 | 213,913,000 | | 4,996,832,000 |
| Yukon Territory | 3,726,000 | | | 3,726,000 |
| | <u>36,966,772,000</u> | <u>1,435,875,000</u> | | <u>35,530,897,000</u> |
| Operating balance | 3,406,055,042 | 16,418,812,133 | 16,188,269,289 | 3,636,597,886 |

Receipts and other credits include:

- (a) contributions at the combined employer and employee rates of 5.4 percent and 5.6 percent of pensionable earnings for the 1995 and 1996 calendar years, subject to maximum combined contributions of \$1,701 and \$1,786 respectively;
- (b) interest on investment in securities held by the Canada Pension Plan Investment Fund, from short term investments and from the average daily operating balance; and,
- (c) funds received from the federal, provincial and territorial governments for the securities which have been disposed during the year.

Payments and other charges include:

- (a) pensions and benefits paid under the Canada Pension Plan as retirement pensions, survivors' benefits paid to widows, widowers and orphans, or as lump sum death benefits, and disability pensions and benefits to children of disabled contributors;
- (b) pensions and benefits paid and recovered from the Canada Pension Plan, in accordance with an agreement with a province providing a comprehensive pension plan;
- (c) payments that are required to be charged to the Canada Pension Plan Account, in accordance with reciprocal agreements with other countries;
- (d) the costs of administration of the Plan; and,
- (e) funds invested during the year in the securities of the federal, provincial and territorial governments.

When the operating balance exceeds the estimated amount required to meet all payments in the following three-month period, the excess is available for the purchase of securities of the provinces, territories and Canada.

Provinces and territories are advised monthly of the amount of excess funds in the Canada Pension Plan Account that is available for the purchase of provincial and territorial securities. The monies available for purchases of securities are allocated to the provinces and territories in proportion to the contributions received in those provinces or territories during the preceeding 10 years. Contributions received in respect of employment from employees outside Canada as well as any excess funds not invested in the securities of the provinces and territories are invested in the special non-marketable bonds of the Government of Canada.

Certain federal employees, such as members of the Canadian Armed Forces, who are resident in the Province of Quebec, contribute to the Canada Pension Plan. The securities of Quebec which are purchased by the Plan relate to the contributions of these employees.

TABLE 6.22

CANADA PENSION PLAN ACCOUNT

(in millions of dollars)

| | 1995-96 | 1994-95 |
|--|---------|---------|
| RECEIPTS AND OTHER CREDITS— | | |
| Contributions— | | |
| Employees, employers and self-employed | 10,607 | 10,464 |
| Interest on investments | 4,082 | 4,177 |
| Interest on average daily balance | 294 | 238 |
| | 14,983 | 14,879 |
| PAYMENTS AND OTHER CHARGES— | | |
| Pensions and benefits | 15,969 | 15,257 |
| Administration | 219 | 200 |
| | 16,188 | 15,457 |
| Net decrease | (1,205) | (578) |
| Funds applied— | | |
| Increase in deposits with Receiver General | 231 | 678 |
| Less: funds provided— | | |
| Disposals of bonds— | | |
| Provincial and territorial | 1,426 | 1,247 |
| Federal | 10 | 9 |
| | 1,436 | 1,256 |
| Net decrease | (1,205) | (578) |
| Balance at beginning of year | 40,373 | 40,951 |
| Balance at end of year | 39,168 | 40,373 |

Government Annuities Account

This account was established by the *Government Annuities Act*, and modified by the *Government Annuities Improvement Act*, which discontinued sales of annuities in 1975. The account is valued on an actuarial basis each year, with the deficit or surplus charged or credited to the Consolidated Revenue Fund.

The purpose of the *Government Annuities Act* was to assist Canadians to provide for their later years, by the purchase of Government annuities. The *Government Annuities Improvement Act* increased the rate of return and flexibility of Government annuity contracts.

Receipts and other credits consist of premiums received, funds reclaimed from the Consolidated Revenue Fund for previously untraceable annuitants, earned interest and items transferred from previous years' revenues to cover the actuarial deficit. Payments and other charges represent matured annuities, the commuted value of death benefits, premium refunds and withdrawals, and actuarial surpluses and unclaimed items transferred to non-tax revenues. The amounts of unclaimed annuities, related to untraceable annuitants, are transferred to non-tax revenues.

PEI Fixed Link

Under the *Northumberland Strait Crossing Act*, the Government is obligated to pay an annual subsidy of \$41.9 million (1992 dollars) to Strait Crossing Finance Inc., a wholly-owned corporation of the Province of New Brunswick, related to the construction of a bridge (known as the PEI Fixed Link) between the Provinces of New Brunswick and Prince Edward Island. Payments of the annual subsidy will begin on May 31, 1997 and continue for 35 years. The payments will be used to retire \$661 million of 4.5 percent real rate bonds issued in October 1993 by Strait Crossing Finance Inc. to finance the construction of the bridge.

As a result of these financial arrangements, the Government of Canada has recorded a liability of \$773 million, offset by deferred subsidies which are recorded in an account under other loans, investments and advances in Section 9 of this volume. These deferred subsidies will be amortized to expenditures over the 35-year period ending on April 30, 2032.

Deposit and Trust Accounts

Deposit and trust accounts is a group of liabilities representing the Government's financial obligations in its role as administrator of certain moneys that it has received or collected for specified purposes and that it will pay out accordingly. To the extent that the funds received are represented by securities, these are deducted from the corresponding ac-

counts to show the Government's net liability. Certain accounts earn interest which is charged to interest on the public debt.

Table 6.23 presents a summary of the balances and transactions in deposit and trust accounts.

TABLE 6.23
DEPOSIT AND TRUST ACCOUNTS

| | April 1/1995 | Receipts and other credits | Payments and other charges | March 31/1996 |
|--|--------------|-------------------------------|-------------------------------|---------------|
| | \$ | \$ | \$ | \$ |
| Deposit accounts— | | | | |
| Agriculture and Agri-Food— | | | | |
| Canadian Dairy Commission account | 15,945,735 | 667,905,415 | 667,735,812 | 16,115,338 |
| Guarantee deposits—Board of Arbitration and Review Tribunal | 4,936 | 8,800 | | 13,736 |
| | 15,950,671 | 667,914,215 | 667,735,812 | 16,129,074 |
| Citizenship and Immigration— | | | | |
| General security deposits | 160,000 | 29,584 | 39,584 | 150,000 |
| Immigration guarantee fund | 15,554,226 | 7,530,701 | 5,572,306 | 17,512,621 |
| | 15,714,226 | 7,560,285 | 5,611,890 | 17,662,621 |
| Finance— | | | | |
| Canada Development Investment Corpora- tion— | | | | |
| Canadair holdback | 10,000,000 | 73,560,000 | | 83,560,000 |
| Crown corporations' surplus moneys— St Lawrence Seaway Authority, The | 13,000,000 | | | 13,000,000 |
| | 23,000,000 | 73,560,000 | | 96,560,000 |
| Foreign Affairs and International Trade— | | | | |
| Fairs and missions | 1,160,814 | 5,389,415 | 5,571,238 | 978,991 |
| Indian Affairs and Northern Development— | | | | |
| Field British Columbia and Yukon Operations of the Northern Canada Power Commission | 992,588 | | | 992,588 |
| Guarantee deposits | 12,396,996 | 16,968,235 | 11,732,798 | 17,632,433 |
| Less: securities held in trust | 9,501,409 | 9,439,807 | 15,800,780 | 15,862,382 |
| | 2,895,587 | 26,408,042 | 27,533,578 | 1,770,051 |
| Guarantee deposits—Oil and gas | 14,759,526 | 24,372,847 | 24,071,973 | 15,060,400 |
| Less: securities held in trust | 14,532,881 | 19,161,585 | 16,195,459 | 11,566,755 |
| | 226,645 | 43,534,432 | 40,267,432 | 3,493,645 |
| Guarantee deposits—Reserve resources | 523,286 | 459,418 | 981 | 981,723 |
| | 4,638,106 | 70,401,892 | 67,801,991 | 7,238,007 |
| Industry— | | | | |
| Trustee Performance Securities—Bankruptcy and Insolvency Act | | 15,000 | | 15,000 |
| Justice— | | | | |
| Supreme Court of Canada— | | | | |
| Security for costs | 291,038 | 30,507 | 5,551 | 315,994 |
| Tax Court of Canada— | | | | |
| Security for costs | 27,499 | 1,668 | | 29,167 |
| | 318,537 | 32,175 | 5,551 | 345,161 |
| National Revenue— | | | | |
| Guarantee deposits | 9,130,119 | 1,948,165 | 1,242,996 | 9,835,288 |
| Less: securities held in trust | 2,734,800 | 417,000 | 634,000 | 2,951,800 |
| | 6,395,319 | 2,365,165 | 1,876,996 | 6,883,488 |
| Temporary deposits received from importers | 540,629 | | 85,472 | 455,157 |
| Less: deposits in special bank accounts | 540,629 | 85,472 | | 455,157 |
| | 6,395,319 | 2,450,637 | 1,962,468 | 6,883,488 |
| Natural Resources— | | | | |
| Guarantee deposits—Oil and gas | 4,217,581 | 79,491,215 | 2,141,946 | 81,566,850 |
| Less: securities held in trust | 4,122,502 | | 75,623,755 | 79,746,257 |
| | 95,079 | 79,491,215 | 77,765,701 | 1,820,593 |

TABLE 6.23

DEPOSIT AND TRUST ACCOUNTS—*Concluded*

| | April 1/1995 | Receipts and other credits | Payments and other charges | March 31/1996 |
|---|---------------|-------------------------------|-------------------------------|---------------|
| | \$ | \$ | \$ | \$ |
| Privy Council— | | | | |
| Chief Electoral Officer—Candidates' and committees' deposits—Election and referendum | 26,600 | 32,000 | 32,500 | 26,100 |
| Public Works and Government Services— | | | | |
| Contractors' security deposits (departments and agencies)— | | | | |
| Bonds | 20,288,097 | 2,805,000 | 5,833,000 | 17,260,097 |
| Less: securities held in trust | 20,288,097 | 15,084,300 | 12,056,300 | 17,260,097 |
| | | 17,889,300 | 17,889,300 | |
| Cash | 14,263,394 | 16,832,889 | 15,388,698 | 15,707,585 |
| Certified cheques | 1,598,747 | | | 1,598,747 |
| Less: securities held in trust | 1,598,747 | | | 1,598,747 |
| Seized property—Cash | 4,048,361 | 12,563,574 | 4,472,721 | 12,139,214 |
| | 18,311,755 | 47,285,763 | 37,750,719 | 27,846,799 |
| Total deposit accounts | 85,611,107 | 954,132,597 | 864,237,870 | 175,505,834 |
| Trust accounts— | | | | |
| Finance— | | | | |
| Halifax 1917 explosion pension account | 428,479 | 23,252 | 83,837 | 367,894 |
| Indian Affairs and Northern Development— | | | | |
| Indian band funds— | | | | |
| Capital accounts, Table 6.24 | 790,393,204 | 60,107,374 | 58,729,852 | 791,770,726 |
| Revenue accounts, Table 6.25 | 121,915,706 | 92,296,661 | 93,697,162 | 120,515,205 |
| | 912,308,910 | 152,404,035 | 152,427,014 | 912,285,931 |
| Indian estate accounts | 6,746,720 | 3,894,666 | 4,359,829 | 6,281,557 |
| Indian savings accounts | 162,911,172 | 15,311,911 | 23,670,156 | 154,552,927 |
| | 1,081,966,802 | 171,610,612 | 180,456,999 | 1,073,120,415 |
| National Defence— | | | | |
| Estates—Armed services | 11,227 | 1,533,652 | 1,450,227 | 94,652 |
| Solicitor General— | | | | |
| Canadian Security Intelligence Service— | | | | |
| Meritorious graduate awards | 21,166 | 485 | 21,651 | |
| Scholastic awards | 16,038 | 23,416 | 3,000 | 36,454 |
| Correctional Service— | | | | |
| Inmates' trust fund | 7,199,765 | 27,430,518 | 27,084,692 | 7,545,591 |
| Royal Canadian Mounted Police— | | | | |
| Benefit trust fund | 2,537,479 | 246,718 | 251,124 | 2,533,073 |
| | 9,774,448 | 27,701,137 | 27,360,467 | 10,115,118 |
| Veterans Affairs— | | | | |
| Administered trust accounts | 9,241,121 | 2,615,020 | 2,873,502 | 8,982,639 |
| Estates fund | 1,058,871 | 669,467 | 1,068,611 | 659,727 |
| Veterans administration and welfare trust fund | 1,953,463 | 1,874,719 | 1,748,542 | 2,079,640 |
| Less: securities held in trust | 2,000 | 2,000 | | |
| | 1,951,463 | 1,876,719 | 1,748,542 | 2,079,640 |
| | 12,251,455 | 5,161,206 | 5,690,655 | 11,722,006 |
| Total trust accounts | 1,104,432,411 | 206,029,859 | 215,042,185 | 1,095,420,085 |
| Total deposit and trust accounts | 1,190,043,518 | 1,160,162,456 | 1,079,280,055 | 1,270,925,919 |

Canadian Dairy Commission account

The Canadian Dairy Commission is a Crown corporation listed in Part I of Schedule III of the *Financial Administration Act*, and uses the Consolidated Revenue Fund for banking purposes. This account was established by section 15 of the *Canadian Dairy Commission Act*, to record the Government's liability to the Commission.

Guarantee deposits—Board of Arbitration and Review Tribunal

This account was established to record deposits of oral hearing fees. The expenses incurred by the Board of Arbitration and Review Tribunal, established pursuant to the *Canada Agricultural Products Act*, are charged to this account.

General security deposits

This account was established to record general security deposits from transportation companies in accordance with section 92(1) of the *Immigration Act*.

Immigration guarantee fund

This account was established by sections 18, 23, 92 and 103 of the *Immigration Act*, to record amounts collected and held pending final disposition, either by refund to the original depositor, or forfeiture to the Crown.

Canadair holdback—Canada Development Investment Corporation

This account was established pursuant to section 129(1) of the *Financial Administration Act*. This special purpose money is to be used to meet costs incurred on the sale of Crown corporations and demand for payment by purchasers pursuant to the acquisition agreement and costs incurred by the Canada Development Investment Corporation in connection with their sale.

Crown corporations' surplus moneys

These accounts were established pursuant to section 129(1) of the *Financial Administration Act*, to record moneys received from Crown corporations as directed by the Minister of Finance with the concurrence of the appropriate Minister. Interest can be paid in accordance with and at rates fixed by the Minister of Finance with the approval of the Governor in Council.

Fairs and missions

This account was established to record deposits which may be refunded, in part or in total, in accordance with contractual agreements concerning the participation of Canadian sector enterprises at international trade fairs.

Field British Columbia and Yukon Operations of the Northern Canada Power Commission

This account was established to record amounts deposited by the Northern Canada Power Commission to reimburse liabilities pertaining to Field British Columbia and Yukon Operations of the Northern Canada Power Commission.

Guarantee deposits—Indian Affairs and Northern Development

This account was established to record cash and securities deposited as guarantees for oil, mineral and timber rights and licences, pursuant to section 8 of the *Arctic Waters Pollution Prevention Act*, section 13(3) of the *Northern Inland Waters Act* and various regulations under the *Territorial Lands Act*. Interest is allowed on cash deposits.

Guarantee deposits—Oil and gas—Indian Affairs and Northern Development

This account was established to record securities in the form of cash, promissory notes, letters of credit and letters of guarantee which are required to be issued to, and held by the Government of Canada pursuant to a signed Exploration Agreement in accordance with section 74 of the *Canada Petroleum Resources Act*. These securities are a performance guarantee that the agreed exploration will be performed in the manner and time frame specified. Interest is not paid on these deposits.

Guarantee deposits—Reserve resources

This account was established to record cash and bond security deposits with respect to Indian reserve licences and contracts for the development of resources, in accordance with the various regulations made under section 57 of the *Indian Act*. Interest is allowed on cash deposits.

Trustee Performance Securities—Bankruptcy and Insolvency Act

This account was established in accordance with section 16 of the *Bankruptcy and Insolvency Act*, whereby a duly appointed trustee shall give security in cash or by bond of a guaranty company, satisfactory to the official receiver, for the due accounting for the payment and the transfer of all property received by him as trustee and for the due and faithful performance of his duties.

Security for costs—Supreme Court of Canada

This account was established to record security to the value of \$500 deposited by the Appellant with the Registrar of the Supreme Court of Canada in accordance with section 60(1)(b) of the *Supreme Court Act*. As per section 66 of the Rules of the Supreme Court of Canada, interest is paid on money deposited as security.

Security for costs—Tax Court of Canada

This account was established to record moneys paid into the Tax Court of Canada, pursuant to an order of the Court, rules of the Court or statutes, to be held in trust pending payment of such moneys, in accordance with a judgment of the Court.

Guarantee deposits—National Revenue

This account was established to record cash and securities required to guarantee payment of customs duties and excise taxes on imported goods, and of sales and excise taxes payable by licensees pursuant to the *Customs Act* and the *Excise Tax Act*.

Temporary deposits received from importers

This account was established to record temporary security deposits received from importers to ensure compliance with various departmental (Customs and Excise) regulations regarding temporary entry of goods.

Guarantee deposits—Oil and gas—Natural Resources

This account was established to record securities in the form of cash, promissory notes, and bonds which are required to be issued to, and held by the Government of Canada pursuant to an Exploration Licence in accordance with section 24 of the *Canada Petroleum Resources Act*. These securities are a performance guarantee that the agreed exploration will be performed in the manner and time frame specified. Interest is not paid on these deposits.

Candidates' and committees' deposits—Election and referendum

This account was established to record candidates' election and committees' referendum deposits received in respect of an election (general or by-election) or a referendum.

Pursuant to the *Canada Election Act* or the *Referendum Act*, amounts received are either refunded to candidates or committees, or are transferred to non-tax revenues.

During the year, an amount of \$10,500 was transferred to non-tax revenues.

Contractors' security deposits

This account was established to record contractors' securities that are required for the satisfactory performance of work in accordance with the Government Contracts Regulations.

Seized property—Cash

This account was established pursuant to the *Seized Property Management Act*, to record seized cash which is required to be held by the Minister of Public Works and Government Services until disbursement.

Halifax 1917 explosion pension account

This account was established by section 5(1) of the *Halifax Relief Commission Pension Continuation Act*, to provide for the continuation of pensions, grants and allowances following the dissolution of the Halifax Relief Commission.

Indian band funds

This account was established to record moneys belonging to Indian bands throughout Canada pursuant to sections 61 to 69 of the *Indian Act*.

TABLE 6.24**INDIAN BAND FUNDS—CAPITAL ACCOUNTS**

| | 1995-96 | 1994-95 |
|---|-------------|-------------|
| | \$ | \$ |
| Opening balance | 790,393,204 | 774,492,560 |
| RECEIPTS AND OTHER CREDITS— | | |
| Oil royalties | 18,362,696 | 19,819,658 |
| Gas royalties | 30,218,425 | 43,315,794 |
| British Columbia agreement | 93,894 | 219,116 |
| Land and other claim settlements | 450,000 | 7,526,828 |
| Sundries | 10,982,359 | 10,509,363 |
| | 60,107,374 | 81,390,759 |
| | 850,500,578 | 855,883,319 |
| PAYMENTS AND OTHER CHARGES— | | |
| Per capita cash distribution | 6,504,848 | 4,286,180 |
| Transfer pursuant to section 64 of the Indian Act | 51,379,205 | 52,193,284 |
| Sundries | 845,799 | 9,010,651 |
| | 58,729,852 | 65,490,115 |
| Closing balance | 791,770,726 | 790,393,204 |

TABLE 6.25**INDIAN BAND FUNDS—REVENUE ACCOUNTS**

| | 1995-96 | 1994-95 |
|---|-------------|-------------|
| | \$ | \$ |
| Opening balance | 121,915,706 | 94,312,249 |
| RECEIPTS AND OTHER CREDITS— | | |
| Government interest | 69,872,909 | 77,535,825 |
| Land and other claim settlements | 2,165,949 | 12,176,631 |
| Sundries | 20,257,803 | 27,181,393 |
| | 92,296,661 | 116,893,849 |
| | 214,212,367 | 211,206,098 |
| PAYMENTS AND OTHER CHARGES— | | |
| Per capita cash distribution | 1,068,336 | 3,144,823 |
| Transfer pursuant to section 69 of the Indian Act | 81,753,242 | 77,645,033 |
| Sundries | 10,875,584 | 8,500,536 |
| | 93,697,162 | 89,290,392 |
| Closing balance | 120,515,205 | 121,915,706 |

Indian estate accounts

These accounts were established to record moneys received and disbursed for estates of deceased Indians and mentally incompetent Indians pursuant to sections 42 to 51 of the *Indian Act*.

Indian savings accounts

These accounts were established to record the savings accounts maintained for individual Indians pursuant to sections 52 and 52.1 to 52.5 of the *Indian Act*.

Estates—Armed services

This account was established to record the service estates of deceased members of the Canadian Forces pursuant to section 42 of the *National Defence Act*. Net assets of estates are distributed to legal heirs under the administration of the Judge Advocate General, in his capacity as Director of Estates.

Meritorious graduate awards

This account was established to record a donation of \$11,000 to be used for the presentation of meritorious awards to graduating employees.

During the year, the account was closed and the outstanding balance was transferred to the trust account "Scholastic awards".

Scholastic awards

This account was established to record donations of \$26,000 to be used for the presentation of scholarship awards to children of employees of the Canadian Security Intelligence Service to encourage university studies.

Inmates' trust fund

Pursuant to section 111 of the Corrections and Conditional Release Regulations, this account is credited with moneys received from inmates at the time of incarceration, net earnings of inmates from employment inside institutions, moneys received for inmates while in custody, moneys received from sales of hobbycraft, money earned through work while on day parole, and interest. Payments to assist in the reformation and rehabilitation of inmates are charged to this account.

Benefit trust fund

This account was established by section 23 of the *Royal Canadian Mounted Police Act*, to record moneys received by personnel of the Royal Canadian Mounted Police, in connection with the performance of duties, over and above their pay and allowances.

Administered trust accounts

Pursuant to section 41 of the *Pension Act* and section 15 of the *War Veterans Allowance Act*, these accounts are under the jurisdiction of the Department of Veterans Affairs. Moneys held in these accounts include: (a) pensions and war veterans allowances placed under the administration of the Department of Veterans Affairs; and, (b) benefits from other sources such as Old Age Security, Guaranteed Income Supplement or Canada Pension Plan, placed under administration with the consent of the client. These persons have demonstrated their inability to manage their own affairs.

Payments are made out of the accounts, to provide food, shelter, clothing, comforts and other necessities.

Estates fund

This account was established to record the proceeds from the estates of those veterans who died while receiving hospital treatment or institutional care, and for those veterans whose funds had been administered by the Government, in accordance with sections 5, 6 and 7 of the Veterans' Estates Regulations. Individual accounts are maintained and payments are made to beneficiaries pursuant to the Payments to Estates Regulations.

Veterans administration and welfare trust fund

This account was established to record donations, legacies, gifts, bequests, etc., received, to be disbursed for the benefit of veterans or their dependents under certain conditions, and for the benefit of patients in institutions, in accordance with section 9 of the Guardianship of Veterans' Property Regulations.

Other Specified Purpose Accounts

There are a number of other specified purpose accounts operated by the Government, such as insurance, death benefit and pension accounts. Certain accounts earn interest which is charged to interest on the public debt.

Table 6.26 presents a summary of the balances and transactions for all other specified purpose accounts.

TABLE 6.26

OTHER SPECIFIED PURPOSE ACCOUNTS

| | April 1/1995 | Receipts and other credits | Payments and other charges | March 31/1996 |
|---|---------------|-------------------------------|-------------------------------|---------------|
| | \$ | \$ | \$ | \$ |
| Insurance and death benefit accounts— | | | | |
| Finance— | | | | |
| Office of the Superintendent of Financial Institutions— | | | | |
| Civil service insurance fund | 9,910,844 | 321,790 | 552,930 | 9,679,704 |
| National Defence— | | | | |
| Regular forces death benefit account, Table 6.27 | 164,813,704 | 29,415,055 | 26,128,178 | 168,100,581 |
| Treasury Board— | | | | |
| Public Service death benefit account, Table 6.28 | 1,123,252,332 | 188,385,739 | 80,130,649 | 1,231,507,422 |
| Veterans Affairs— | | | | |
| Returned soldiers' insurance fund | 329,102 | | 119,526 | 209,576 |
| Veterans insurance fund | 16,323,296 | 242,107 | 1,118,487 | 15,446,916 |
| | 16,652,398 | 242,107 | 1,238,013 | 15,656,492 |
| Total insurance and death benefit accounts | 1,314,629,278 | 218,364,691 | 108,049,770 | 1,424,944,199 |
| Pension accounts— | | | | |
| Human Resources Development— | | | | |
| Annuities agents' pension account | 15,382 | 11,262 | 10,476 | 16,168 |
| Solicitor General— | | | | |
| Royal Canadian Mounted Police— | | | | |
| Dependants' pension fund | 25,211,618 | 3,227,899 | 2,120,868 | 26,318,649 |
| Treasury Board— | | | | |
| Locally-engaged contributory pension account | | 826,514 | 826,514 | |
| Total pension accounts | 25,227,000 | 4,065,675 | 2,957,858 | 26,334,817 |
| Other accounts— | | | | |
| Agriculture and Agri-Food— | | | | |
| Agriculture development workshops | 31,431 | 352 | 31,783 | |
| Canada/Manitoba partnership agreement on municipal water infrastructure for rural economic diversification | 1,048,841 | 12,095,940 | 11,841,627 | 1,303,154 |
| Crops Sector Companion Program | | 131,072,965 | | 131,072,965 |
| Net Income Stabilization Account | 596,233,578 | 418,922,999 | 139,558,937 | 875,597,640 |
| Shared-cost agreements— | | | | |
| Research | 5,170,858 | 13,639,050 | 10,697,606 | 8,112,302 |
| Net Income Stabilization Account (NISA)— | | | | |
| Bridge Program | 6,565 | 12,733 | 19,298 | |
| Commodity Industry Development Fund—Province | 15,158,822 | 15,151,123 | 19,733,737 | 10,576,208 |
| | 617,650,095 | 590,895,162 | 181,882,988 | 1,026,662,269 |
| Atlantic Canada Opportunities Agency— | | | | |
| Federal/provincial agreement—Advance account | | 6,526 | | 6,526 |
| Canadian Heritage— | | | | |
| Shared-cost agreements—Conferences and training | 55,949 | | 46,530 | 9,419 |
| Shared-cost/joint project agreements | 74,400 | 57,500 | 40,000 | 91,900 |
| Forks sculpture contest account | 6,268 | | 6,268 | |
| Mackenzie King trust account | 288,230 | 18,540 | 17,955 | 288,815 |
| Miscellaneous projects deposits | 323,365 | 416,421 | 441,342 | 298,444 |
| Canadian Film Development Corporation— | | | | |
| Advance account ⁽¹⁾ | 24,228,001 | 39,905,448 | 49,997,101 | 14,136,348 |
| | 24,976,213 | 40,397,909 | 50,549,196 | 14,824,926 |

TABLE 6.26

OTHER SPECIFIED PURPOSE ACCOUNTS—Continued

| | April 1/1995 | Receipts and other credits | Payments and other charges | March 31/1996 |
|---|--------------|-------------------------------|-------------------------------|---------------|
| | \$ | \$ | \$ | \$ |
| Environment— | | | | |
| Miscellaneous projects deposits | 5,128,106 | 4,976,279 | 6,065,184 | 4,039,201 |
| Public participation funding program | 141,931 | 260,027 | 222,673 | 179,285 |
| | 5,270,037 | 5,236,306 | 6,287,857 | 4,218,486 |
| Finance— | | | | |
| Common school funds—Ontario and Quebec | 2,677,771 | | | 2,677,771 |
| Foreign claims fund | 182,959 | | 3,939 | 179,020 |
| Petro-Canada Limited—Cash reserve | | 2,732,780 | | 2,732,780 |
| War claims fund—World War II | 4,236 | | | 4,236 |
| | 2,864,966 | 2,732,780 | 3,939 | 5,593,807 |
| Fisheries and Oceans— | | | | |
| Federal/provincial cost-sharing agreements | 135,107 | 7,345,763 | 6,623,052 | 857,818 |
| Miscellaneous projects deposits | 2,653,525 | 8,794,100 | 7,748,361 | 3,699,264 |
| Sales of seized assets | 242,732 | 342,831 | 242,018 | 343,545 |
| | 3,031,364 | 16,482,694 | 14,613,431 | 4,900,627 |
| Foreign Affairs and International Trade— | | | | |
| Canada Foundation account | 298,358 | 49,904 | 26,415 | 321,847 |
| Less: securities held in trust | 280,582 | 296,967 | 335,928 | 319,543 |
| deposits in a special bank account | 17,776 | 345,958 | 330,486 | 2,304 |
| | | 692,829 | 692,829 | |
| Financial assistance to Canadians abroad | 186,806 | 1,606,191 | 1,596,068 | 196,929 |
| Funds from non-governmental organizations | 393,127 | 3,516,968 | 3,104,976 | 805,119 |
| Paris air show | 382,346 | 126,734 | 450,456 | 58,624 |
| Shared-cost projects | 610,522 | 1,472,173 | 1,811,003 | 271,692 |
| Canadian Institute for International Peace and Security— Other outstanding liabilities | 439,228 | | 439,228 | |
| Canadian International Development Agency— Shared-cost projects—International conferences | 59,905 | 136,519 | 184,502 | 11,922 |
| NAFTA Secretariat, Canadian Section— Shared-cost agreements | | 17,001 | 17,001 | |
| | 2,071,934 | 7,551,414 | 8,279,062 | 1,344,286 |
| Health— | | | | |
| Canadian Sports Pool Corporation—Other outstanding liabilities | 50,000 | | | 50,000 |
| Miscellaneous federal/provincial projects | 537,070 | 737,354 | 528,895 | 745,529 |
| Pan American Health Organization (SIREVA) | 31,380 | 10,136 | | 41,516 |
| World Health Organization | 129,516 | 4,755 | 15,082 | 119,189 |
| Medical Research Council— Dyskinesia and torticollis research | 76,728 | 4,558 | | 81,286 |
| | 824,694 | 756,803 | 543,977 | 1,037,520 |
| Human Resources Development— | | | | |
| Fair wages suspense account | 3,476 | 15,873 | 13,851 | 5,498 |
| Federal/provincial shared-cost project | | 49,517 | 11,615 | 37,902 |
| Federal/provincial shared-cost project—Interprovincial Computerized Examination Management System (ICEMS) .. | 336,382 | 551,738 | | 888,120 |
| Labour standards suspense account | 1,267,548 | 1,143,266 | 462,815 | 1,947,999 |
| Summer employment experience development program | (281,546) | 456,546 | 175,000 | |
| | 1,325,860 | 2,216,940 | 663,281 | 2,879,519 |
| Indian Affairs and Northern Development— | | | | |
| Fines—Indian Act | 469,045 | 30,787 | 14,484 | 485,348 |
| Indian agencies revenue trust bank accounts | 255,721 | 5,861,279 | 5,983,047 | 133,953 |
| Less: deposits in special bank accounts | 255,721 | 5,861,279 | 5,983,047 | 133,953 |
| Indian band funds— | | | | |
| Shares and certificates | 20,000 | | | 20,000 |
| Less: securities held in trust | 20,000 | | | 20,000 |
| Indian compensation funds | 113,594 | 108,746 | | 222,340 |
| Indian moneys suspense account | 21,029,164 | 13,950,080 | 14,627,303 | 20,351,941 |
| Indian special accounts | 948,491 | 54,634 | 61,367 | 941,758 |

TABLE 6.26

OTHER SPECIFIED PURPOSE ACCOUNTS—*Continued*

| | April 1/1995 | Receipts and other credits | Payments and other charges | March 31/1996 |
|--|--------------|-------------------------------|-------------------------------|---------------|
| | \$ | \$ | \$ | \$ |
| 1924 Ontario Lands Agreement | 40,057 | | | 40,057 |
| Treaty Land Entitlement (Saskatchewan) Fund | 5,302,204 | 12,722,783 | 18,024,987 | |
| | 27,902,555 | 26,867,030 | 32,728,141 | 22,041,444 |
| Industry— | | | | |
| Shared-cost projects | 115,597 | 107,445 | 3,714 | 219,328 |
| Shared-cost agreements— | | | | |
| Conferences and training | 172 | | | 172 |
| Shared-cost agreements—Tourism | 110,646 | 132,359 | | 243,005 |
| Shared-cost/joint project agreements—Research | 650,205 | 953,477 | 52,212 | 1,551,470 |
| Income from securities in trust—Bankruptcy and Insolvency Act | 42,207 | 374 | | 42,581 |
| Securities in trust—Bankruptcy and Insolvency Act | 46,266 | | 15,000 | 31,266 |
| Less: securities held in trust | 31,266 | | | 31,266 |
| | 15,000 | | 15,000 | |
| Unclaimed dividends and undistributed assets— | | | | |
| Bankruptcy and Insolvency Act | 2,286,909 | | 245,523 | 2,041,386 |
| Canada Business Corporations Act | 533,730 | 863 | | 534,593 |
| Winding-up Act | 529,659 | | | 529,659 |
| Canadian Space Agency— | | | | |
| Radarsat | 481,310 | | | 481,310 |
| National Research Council of Canada— | | | | |
| Special fund | 10,871,850 | 32,597,640 | 43,469,490 | |
| Trust fund | 10,047,429 | 10,402,026 | 10,800,537 | 9,648,918 |
| Natural Sciences and Engineering Research Council— | | | | |
| Trust fund | 680,686 | 821,862 | 505,506 | 997,042 |
| Social Sciences and Humanities Research Council— | | | | |
| Queen's Fellowship fund | 266,075 | 15,615 | 16,121 | 265,569 |
| Trust fund | 8,819 | 20,529 | 20,000 | 9,348 |
| Statistics Canada— | | | | |
| Project deposits | 771,284 | 44,268,945 | 42,981,521 | 2,058,708 |
| | 27,411,578 | 89,321,135 | 98,109,624 | 18,623,089 |
| Justice— | | | | |
| Federal Court of Canada— | | | | |
| Federal Court special account | 4,620,313 | 5,621,935 | 3,726,940 | 6,515,308 |
| National Defence— | | | | |
| Foreign governments— | | | | |
| United Kingdom— | | | | |
| British Army—Suffield, Alberta | 28,829,966 | 60,431,000 | 61,978,013 | 27,282,953 |
| Wainwright, Alberta | 4,586,608 | 2,761,000 | 5,228,378 | 2,119,230 |
| Other activities | 4,584,888 | 24,639,802 | 23,412,734 | 5,811,956 |
| United States of America | 1,473,663 | 507,571 | 1,740,450 | 240,784 |
| Federal Republic of Germany— | | | | |
| German Army—Shilo, Manitoba | 8,123,541 | 18,192,166 | 26,497,140 | (181,433) |
| Other activities | 15,763,719 | 21,719,000 | 30,646,580 | 6,836,139 |
| Netherlands | 10,387,593 | 13,686,335 | 18,493,929 | 5,579,999 |
| North Atlantic Treaty Organization (NATO)— | | | | |
| Infrastructure projects | 7,271,214 | 1,061,002 | 722,707 | 7,609,509 |
| Non-government agencies | 1,602,362 | 2,429,892 | 3,692,914 | 339,340 |
| Provincial governments—Research projects | 12,000 | 12,000 | 12,000 | 12,000 |
| | 82,635,554 | 145,439,768 | 172,424,845 | 55,650,477 |
| Natural Resources— | | | | |
| Atomic Energy of Canada Limited regional seismic monitoring station | 471 | 40,000 | 38,779 | 1,692 |
| Continental geoscience division—Ontario Hydro | 32,458 | | | 32,458 |
| International Energy Agency—Implementing agreement | 7,286 | 13,334 | 9,491 | 11,129 |
| Market development incentive payments—Alberta | 15,321,609 | | 2,775,597 | 12,546,012 |
| Miscellaneous projects deposits | 2,841,757 | 4,562,669 | 3,268,880 | 4,135,546 |
| Newfoundland Offshore Revenue Account | | 23,952,547 | 23,952,547 | |
| Nova Scotia Offshore Revenue Account | | 4,709,573 | 4,709,573 | |
| Shared-cost agreements—Research | 1,193,003 | 2,973,461 | 2,118,111 | 2,048,353 |
| Shared-cost projects—Research | 1,452,757 | 4,194,983 | 3,738,414 | 1,909,326 |
| | 20,849,341 | 40,446,567 | 40,611,392 | 20,684,516 |

TABLE 6.26

OTHER SPECIFIED PURPOSE ACCOUNTS—*Concluded*

| | April 1/1995 | Receipts and other credits | Payments and other charges | March 31/1996 |
|---|---------------|-------------------------------|-------------------------------|---------------|
| | \$ | \$ | \$ | \$ |
| Public Works and Government Services— | | | | |
| Francophone Summits | 2,424 | 22,626 | 4,390 | 20,660 |
| Interest on bonds—Insurance companies | | 653,303 | 653,303 | |
| Military purchases excess funds deposit | 85,681,041 | | 16,995,938 | 68,685,103 |
| Less: securities held in trust | 85,681,041 | 16,995,938 | | 68,685,103 |
| | | 16,995,938 | 16,995,938 | |
| Petro-Canada Enterprises Inc.—Shares | 795,637 | | 37,484 | 758,153 |
| | 798,061 | 17,671,867 | 17,691,115 | 778,813 |
| Solicitor General— | | | | |
| Royal Canadian Mounted Police— | | | | |
| Mounted Police Foundation | | 244,204 | 235,445 | 8,759 |
| Seized assets—Canadian funds | 5,720,428 | 5,904,729 | 8,920,228 | 2,704,929 |
| Seized assets—US funds | 2,209,846 | 31 | 2,201,166 | 8,711 |
| Sponsorship Agreement—Contributions | | 175,000 | | 175,000 |
| | 7,930,274 | 6,323,964 | 11,356,839 | 2,897,399 |
| Veterans Affairs— | | | | |
| Army benevolent fund | 112,686 | 28,582 | 33,176 | 108,092 |
| Total | 830,275,525 | 997,997,382 | 639,505,803 | 1,188,767,104 |
| Less: consolidation adjustment ⁽¹⁾ | 24,230,203 | 10,093,855 | | 14,136,348 |
| Total other accounts | 806,045,322 | 1,008,091,237 | 639,505,803 | 1,174,630,756 |
| Total other specified purpose accounts | 2,145,901,600 | 1,230,521,603 | 750,513,431 | 2,625,909,772 |

⁽¹⁾ Additional information on consolidated Crown corporations is provided in Section 4 of this volume.

Civil service insurance fund

This fund was established by the *Civil Service Insurance Act*, to provide life insurance coverage for civil servants who bought policies before 1955-56. The purchase of policies was discontinued in 1954-55, pursuant to section 62(2) of the *Public Service Superannuation Act*.

During the year, receipts and other credits consisted of premiums of \$8,524 and, an amount of \$313,266 (charged to expenditures) representing an adjustment to bring the balance in the fund into agreement with the actuarial valuation as at March 31, 1995. Payments and other charges consisted of death benefits, \$488,000; cash surrender value, \$32,327; annuities, \$32,407; and premium refunds, \$196.

Regular forces death benefit account

This account was established by the *Canadian Forces Superannuation Act*, to provide life insurance to contributing members of the Armed Forces. Receipts and other credits consist of: (a) contributions by participants; (b) Government's contribution paid in respect of participants who, at the time of death, were members of the regular forces, or who were elective regular forces participants, to whom pensions were payable under the *Canadian Forces Superannuation Act* or the *Defence Services Pension Continuation Act*; (c) single premiums payable by the Government in respect of regular forces participants who became entitled to a basic benefit of \$5,000 without contribution; and, (d) interest.

Payments and other charges consist of: (a) benefits paid in respect of participants who, at the time of death, were members of the regular forces, or who were elective regular forces participants, to whom pensions were payable under the *Canadian Forces Superannuation Act* or the *Defence Services Pension Continuation Act*, upon their retirement from the regular forces; (b) benefits paid in respect of elective regular forces participants, to whom pensions were not payable under the *Canadian Forces Superannuation Act* or the *Defence Services Pension Continuation Act*, upon their retirement from the regular forces; and, (c) the portion of benefit payable for which a single premium has been paid by the Government.

TABLE 6.27

REGULAR FORCES DEATH BENEFIT ACCOUNT

| | 1995-96 | 1994-95 |
|---|-------------|-------------|
| | \$ | \$ |
| Opening balance | 164,813,704 | 156,774,783 |
| RECEIPTS AND OTHER CREDITS— | | |
| Contributions by personnel | 9,993,645 | 10,104,596 |
| Government's contribution | 2,178,698 | 1,704,558 |
| Single premiums payable by the Government in respect of regular forces participants who became entitled to a basic benefit of \$5,000 without contribution | 588,070 | 534,731 |
| Interest | 16,654,642 | 16,079,760 |
| | 29,415,055 | 28,423,645 |
| | 194,228,759 | 185,198,428 |
| PAYMENTS AND OTHER CHARGES— | | |
| Benefits paid in respect of participants who, at the time of death, were members of the regular forces, or who were elective regular forces participants, to whom pen- sions were payable under the Canadian Forces Superannuation Act or the Defence Services Pension Continuation Act | 26,128,178 | 20,384,724 |
| Closing balance | 168,100,581 | 164,813,704 |

Public Service death benefit account

This account was established under the *Public Service Superannuation Act*, to provide life insurance to contributing members of the Public Service.

The account is credited with: (a) contributions by employees; (b) contributions by the Government and Public Service corporations; and, (c) interest. Payments and other charges represent: (a) benefits paid in respect of participants who, at the time of death, were employed in the Public Service, or were in receipt of an annuity under Part I of the *Public Service Superannuation Act*; and, (b) benefits of \$5,000 paid in respect of participants who, at the time of death, were employed in the Public Service, or were in receipt of an annuity under Part I of the *Public Service Superannuation Act*, and on whose behalf a single premium for \$5,000 death benefit coverage for life has been made.

TABLE 6.28

PUBLIC SERVICE DEATH BENEFIT ACCOUNT

| | 1995-96 | 1994-95 |
|---|---------------|---------------|
| | \$ | \$ |
| Opening balance | 1,123,252,332 | 1,027,877,102 |
| RECEIPTS AND OTHER CREDITS— | | |
| Contributions— | | |
| Employees— | | |
| Government and Public Service corporations | 62,991,176 | 63,819,715 |
| Government— | | |
| General | 5,115,162 | 5,409,713 |
| Single premium for \$5,000 | 1,452,350 | 1,394,646 |
| Public Service corporations | 2,442,109 | 2,335,703 |
| Interest | 116,384,942 | 106,939,599 |
| | 188,385,739 | 179,899,376 |
| | 1,311,638,071 | 1,207,776,478 |
| PAYMENTS AND OTHER CHARGES— | | |
| Benefit payments— | | |
| General | 61,194,198 | 65,595,748 |
| Life coverage of \$5,000 | 18,922,351 | 18,784,962 |
| Other death benefit payments | 14,100 | 143,436 |
| | 80,130,649 | 84,524,146 |
| Closing balance | 1,231,507,422 | 1,123,252,332 |

Returned soldiers' insurance fund

This fund was established by the *Returned Soldiers' Insurance Act*, to provide life insurance to contributing veterans of World War I. The account is credited with premiums and is charged with disbursements for death benefits and cash surrender values. The account is actuarially maintained and an actuarial adjustment as at March 31, 1995 of \$90,314 was charged to the account during the year and was credited to revenues. The final date on which application for this insurance could have been received, was August 31, 1933.

Veterans insurance fund

This fund was established by the *Veterans' Insurance Act*, to provide life insurance to contributing veterans of World War II. The account is credited with premiums and is charged with disbursements for death benefits and cash surrender values. The account is actuarially maintained and an actuarial liability adjustment as at March 31, 1995 of \$175,271 was credited to the account during the year and was charged to expenditures. The final date on which application for this insurance could have been received, was October 31, 1968.

Annuities agents' pension account

This account was established by Vote 181, *Appropriation Act No. 1, 1961*, to provide pension benefits to former eligible Government employees who were engaged in selling Government annuities to the public.

Dependants' pension fund

This fund, which pertains to Part IV of the *Royal Canadian Mounted Police Pension Continuation Act*, provides pension benefits to certain widows and other dependants of contributing members of the Royal Canadian Mounted Police. The fund is credited with a 5 percent contribution from the pay of members of the Force (other than commissioned officers) who are subject to the *Pension Continuation Act*. There are no longer any active members amongst the contributors.

Locally-engaged contributory pension account

This account, which pertains to Part II of the Locally-Engaged Pension Regulations, provides pension benefits to locally-employed Government employees who contributed to the plan. The account is credited with contributions from locally-engaged employees, and charged with the subsequent payment of benefits.

Treasury Board approved the closure of the plan to new entrants effective December 31, 1988. There are now fewer than fifty members contributing to the plan.

Agriculture development workshops

This account was established to record moneys received from the "Agence de coopération culturelle et technique" from Paris, France in accordance with an agreement dated June 15, 1990. These funds will be used to defray the training costs and living expenses of third world members during their stay at the Food Research and Development Centre in St-Hyacinthe, Quebec.

During the year, the account was closed.

Canada/Manitoba partnership agreement on municipal water infrastructure for rural economic diversification

This account was established to record advance payments received from the government of Manitoba and participating cities/towns for their share of the costs incurred under various projects. The projects involve making improvements to the water supply and waste treatment and disposal infrastructures of rural communities while preserving environmental quality. Money is paid out of the account as eligible billing costs are received.

Crops Sector Companion Program

This account was established to provide financial protection to Saskatchewan producers who are participants in the Net Income Stabilization Account (NISA) Program in the event of reduced farm cash receipts for eligible crops for the 1995 and 1996 calendar years.

Under this Program, the federal Government and Saskatchewan will provide annual contributions of \$54.5 million and \$30.5 million, respectively for each calendar year. Saskatchewan has also contributed to the account an additional \$45 million from its share of the Gross Revenue Insurance

Program (GRIP) surplus. Payments will be triggered when annual farm cash receipts (province wide) fall below a specified percentage of the previous five year average levels adjusted for changes in cash costs. The distribution of any payout to participants will be based on each producer's eligible net sales as reported to NISA.

In the event that triggered program payouts exceed the program funds available, the federal Government will make an additional contribution not exceeding \$50 million for the two-year period.

Net Income Stabilization Account

This account was established by section 15 of the *Farm Income Protection Act* and the Federal/provincial Agreement establishing the Net Income Stabilization Account Program, to help participating producers of qualifying agricultural commodities achieve long term improved income stability. The Program allows participants to deposit funds up to pre-determined limits into either the Consolidated Revenue Fund or participating financial institutions, and receive a matching contribution from the federal and provincial governments. These funds are held on behalf of the participants.

The account records only the transactions relating to the Consolidated Revenue Fund as follows:

- (a) participant matchable deposits held in the Consolidated Revenue Fund. For the fiscal year ending March 31, 1996, participants deposits pertained, in most part, to the 1994 stabilization year (the period for which a participant filed a 1994 tax return). Participants are entitled to make matchable deposits based on eligible net sales (ENS) which are limited to \$250,000 per individual. For the 1994 stabilization year, matchable deposits could be made up to 2.5 percent of the ENS for most qualifying commodities, except in the following provinces where enhanced rates were available for certain commodities: British Columbia (4.5 percent for edible horticulture and 3.5 percent for all other commodities except wheat, barley, canola and edible horticulture); Saskatchewan (4.5 percent for all grains, oilseeds, special crops and edible beans); and Ontario (4.5 percent for edible horticulture);
- (b) Government matching contributions on participant matchable deposits held in either the Consolidated Revenue Fund or participating financial institutions. For the 1994 stabilization year, the federal Government provided matching contributions equal to 60 percent of the participant matchable deposits, except in the following cases: 56 percent of British Columbia and Ontario matchable deposits based on ENS of edible horticulture and 43 percent of British Columbia matchable deposits based on ENS of all edible commodities except wheat, barley, oats, canola and edible horticulture. In all cases, the provinces provided the remaining matching contribution. The federal Government also contributed 1.5 percent of ENS as "top-up" funds for Saskatchewan producers of grains, oilseeds, special crops and edible beans;

- (c) participant non-matchable deposits in the Consolidated Revenue Fund, which are limited to an annual maximum of 20 percent of eligible net sales (carried forward for up to five years);
- (d) interest paid by the federal Government on funds held in the Consolidated Revenue Fund, at rates and in accordance with terms and conditions determined by the Minister of Finance;
- (e) interest paid by participating financial institutions on funds held for participants, at rates set by negotiation between the participant and the financial institution;
- (f) bonus interest of 3 percent per annum, split equally between the federal and provincial governments, calculated on participant contributions; and,
- (g) withdrawals by participants from funds held in the Consolidated Revenue Fund (participants are entitled to make annual account withdrawals up to the amount allowed by the larger of either of two triggers (a stabilization trigger and a minimum income trigger).

Shared-cost agreements—Research—Agriculture and Agri-Food

This account was established to record amounts deposited by external parties for shared-cost research projects. Moneys are disbursed on behalf of depositors as specific projects are undertaken.

Net Income Stabilization Account (NISA)—Bridge Program

This account was established to record contributions received from provincial governments and producers for the purpose of transition to a whole farm income stabilization program. Under the NISA Bridge Program, producers who participated in the National Tripartite Stabilization Program (NTSP) for Beef were eligible to deposit an amount into this account equivalent to the premiums they paid under NTSP in the final year of that Program. The provincial governments contributed an amount equal to one-half of the producers' deposits. These deposits were then eligible for interest at the rate established by the Minister of Finance. A producer's deposit, Government's contributions and accrued interest were ultimately credited/transferred to the producer's NISA accounts.

During the year, the account was closed.

Commodity Industry Development Fund—Province

This account was established to record contributions received from provincial governments equal to one-half of the premiums paid by the provinces under the National Tripartite Stabilization Program for Beef in its final year of operation, net of their contributions under the Net Income Stabilization Account Bridge Program. This account earns interest at the rate established by the Minister of Finance. Funds in the account are available for up to five years to be used for programs, projects and activities which include, but are not

exclusive to research, technology transfer, promotion and market development but may not be used for direct support to producers or processors.

Federal/provincial agreement—Advance account

This account was established to record deposits from non-federal partners for their share of costs under various projects. Monies are disbursed on behalf of contributors as projects are undertaken. Unused funds are to be returned to contributors.

Shared-cost agreements—Conferences and training—Canadian Heritage

This account was established to record monies received from other governments and organizations for shared-cost agreements. Monies are disbursed on behalf of depositors as specific training is undertaken or conferences held.

Shared-cost/joint project agreements—Canadian Heritage

This account was established to record monies received from other governments and organizations in order to cover expenditures incurred under various shared-cost/joint project agreements.

Forks sculpture contest account

This account was established for the purpose of accepting donations from corporations and other donors to sponsor a sculpture competition for the Forks National Historic Park in Winnipeg, Manitoba.

Mackenzie King trust account

The late The Right Hon W L Mackenzie King bequeathed Laurier House, Ottawa, and the sum of \$225,000, to the Government of Canada. The amount of \$225,000 was credited to the account. Interest computed, in accordance with the terms of section 3 of the *Laurier House Act*, is to be credited to the account at the end of each year, and charged to interest on public debt. The interest is to be used to assist in the maintenance of the Laurier House, which is to be preserved as a place of historic interest, and also to provide accommodation for study and research.

Miscellaneous projects deposits—Canadian Heritage

This account was established to record contributions received from organizations and individuals, for the furtherance of research work.

Advance account—Canadian Film Development Corporation

This account was established pursuant to section 19 of the *Canadian Film Development Corporation Act*, to reserve for use in future years moneys generated by projects funded by Telefilm Canada, and which, due to timing, remained unreinvested at year end.

Miscellaneous projects deposits—Environment

This account was established to record contributions received from organizations and individuals, for the furtherance of research work.

Public participation funding program

This account was established to record deposits received from provinces, territories or private organizations to provide funds to assist public participation in the Canadian Environmental Assessment Agency.

Common school funds—Ontario and Quebec

This account was established under 12 *Victoria 1849*, Chapter 200, to record the proceeds from the sale of lands set apart for the support and maintenance of common schools in Upper and Lower Canada, now Ontario and Quebec. Interest of \$133,888, apportioned on the basis of population, is paid directly to these provinces on a semi-annual basis, at the rate of 5 percent per annum, and is charged to interest on public debt.

Foreign claims fund

This account was established by Vote 22a, *Appropriation Act No. 9, 1966*, to record: (a) such part of the money received from the Custodian of Enemy Property, proceeds of the sale of property and the earnings of property, and, (b) all amounts received from governments of other countries pursuant to agreements entered into after April 1, 1966 relating to the settlement of Canadian claims, and also records payment of claims submitted, including payment of the expenses incurred in investigating and reporting on such claims.

Petro-Canada Limited—Cash reserve

This account was established to record cash received from Petro-Canada Limited to be used to pay expenses of Petro-Canada Limited and to cover shortfalls on interest and principal payments for Petro-Canada Limited debt.

War claims fund—World War II

This account was established by Vote 696, *Appropriation Act No. 4, 1952*, to record moneys received from the Custodian of Enemy Property or from other sources, and payments: (a) to eligible claimants for compensation in respect of World War II; (b) of a supplementary award amounting to 50 percent of the original award (PC 1958-1467, October 23, 1958); and, (c) of expenses incurred in investigating and reporting on claims.

A War Claims Commission was established to enquire into and report on claims made by Canadians arising out of World War II for which compensation may be paid from this or any other fund established for the purpose. The expenses of the Commission are chargeable hereto.

Federal/provincial cost-sharing agreements

This account was established to record the deposit of moneys received from the provinces for cost-shared programs according to official signed agreements.

Miscellaneous projects deposits—Fisheries and Oceans

This account was established to record contributions received from organizations and individuals, for the furtherance of research work.

Sales of seized assets

The account was established to record the proceeds of the sale of seized items by the Department of Fisheries and Oceans from a person contravening the *Fisheries Act*. Monies so received are held in the Consolidated Revenue Fund pending final resolution of the case by the Minister of Fisheries and Oceans or the courts.

Canada Foundation account

This account was established by Vote 6g, *Appropriation Act No. 2, 1967*, to record moneys received in connection with the Civilian Relief Agreement of 1950, and the Cultural Agreement of 1954 between Canada and Italy, and disbursements for the purposes of the said agreements.

Financial assistance to Canadians abroad

This account was established to record monies received from families or friends as prepayment for financial assistance to distressed Canadians abroad.

Funds from non-governmental organizations

This account was established to record monies received as prepayment for services to be performed by the Department of Foreign Affairs and International Trade on behalf of third parties.

Paris air show

This account was established to record moneys received from the private sector. These funds are used to help defray the costs of the Canadian Pavilion activities during the bi-annual Paris air show held in Paris, France.

Shared-cost projects—Foreign Affairs and International Trade

This account was established to record monies received from organizations outside the Government of Canada accounting entity for shared-cost projects.

Canadian Institute for International Peace and Security—Other outstanding liabilities

This account was established to record moneys received at the dissolution of the Canadian Institute for International Peace and Security which are used to pay any liabilities of the Corporation.

During the year, the account was closed.

Shared-cost projects—International conferences

This account was established to record deposits received and payments made in accordance with authorities for shared-cost projects concerning International Conference Agreements.

Shared-cost agreements—NAFTA Secretariat, Canadian Section

This account was established to record monies received from the United States and the Mexican Section of the NAFTA Secretariat, for the development of common information management systems.

Canadian Sports Pool Corporation—Other outstanding liabilities

This account was established to record moneys received at the dissolution of the Canadian Sports Pool Corporation which are to be used to pay any liabilities of the Corporation.

Miscellaneous federal/provincial projects—Health

This account was established to record transactions relating to the provinces/territories share of costs incurred under federal/provincial cost-sharing agreements for joint federal/provincial projects in the areas of hospital administration, hospital facilities design and other related health issues.

Pan American Health Organization (SIREVA)

This account was established to enhance the epidemiological and laboratory infrastructure in the regions for the diagnosis and surveillance of *S.pneumoniae*. At the end of the project, the participating laboratories should have acquired the capability to design, conduct and analyze epidemiological field studies, in particular as they relate to defining the nature and magnitude of *S.pneumoniae*, and the epidemiological surveillance network in the Americas should have been strengthened.

World Health Organization

This account was established to record funds received from the World Health Organization, for scientific projects.

Dyskinesia and torticollis research

This account was established by section 5(3) of the *Medical Research Council Act*, to record a bequest of \$75,000 made by an anonymous donor, to establish a fund for research

in the fields of dyskinesia and torticollis. The interest received is used for the payment of research grants. Other donations are also credited to this fund.

Fair wages suspense account

This account is operated under the authority of section 13 of the Fair Wages and Hours of Labour Regulations. Where an investigation in respect of a contract on Government works results in an award of wages, the amount received from the contractor is credited to this account, and is subsequently distributed to employees.

The account also records amounts received from departments and agencies, representing wages in respect of contracts, withheld from final payment to contractors.

Federal/provincial shared-cost project—Human Resources Development

This account was established to record the deposit of advance payments made by provinces towards the costs of projects and programs for which there is a cost-sharing agreement with the federal Government. Disbursements are made to pay the provinces' share of costs per official agreements or to refund unused amounts.

Federal/provincial shared-cost project—Interprovincial Computerized Examination Management System (ICEMS)

This account was established to record advance payments received from provincial governments to cover their share of the costs of the ICEMS Project. Advance payments are made pursuant to the ICEMS Framework Agreement. The cost incurred are charged to the account and any unexpended funds will be returned to provinces at the end of the project.

Labour standards suspense account

This account is operated under the authority of the Canada Labour Code, Part III, section 251, and the Canada Labour Standards Regulations section 23.

The account records:

- (a) funds received from employers as a result of assessments made by inspectors regarding underpayments of minimum wages, overtime, vacation pay, holiday pay, termination, severance or bereavement pay. The assessments are payable either directly to the employee, or to the Minister of Human Resources Development who is required to transmit the payment to the employee;
- (b) payments received from employers who are in arrears in paying their employees. Such amounts are repaid to employees; and,
- (c) wages received by the Minister of Human Resources Development from employers who cannot locate employees. Efforts are then made to locate employees.

Summer employment experience development program

The summer employment experience development program is jointly funded by the federal and provincial governments.

This account was established to record advance payments made by provinces against their share of the cost of projects, and held in trust pending disbursements to project sponsors.

Fines—Indian Act

Fines collected as defined in section 104 of the *Indian Act*, in connection with liquor prosecutions, and band bylaws, are credited to this account. Expenditures may be made per the direction of the Governor in Council to cover certain costs incurred in the suppression of the liquor traffic among the Indians of Canada.

Indian agencies revenue trust bank accounts

This account was established to record moneys held for Indians in authorized banks across Canada. These moneys include such items as deposits and payments on leases held for individual Indians, and those to be split between individual Indians and Indian bands.

Indian band funds—Shares and certificates

This account was established by section 61 of the *Indian Act*, to record the historical value of Transalta Utilities Ltd shares of stock as compensation for a power line right-of-way on the Blood Indian reserve. These shares are held in the name of the Receiver General for Canada for the credit of the Blood Indian Band. Any dividends received are credited to the revenue account of the Blood Indian Band.

Indian compensation funds

This holding account was established to record moneys received from the sale of Indian lands and easement compensation where the title has not been cleared nor the land survey completed.

Indian moneys suspense account

This account was established to record moneys held for individuals and bands, received from royalties, timber dues, rentals and leases of Indian lands, such as agricultural leases, easements, oil and gas leases, permits and royalties and timber dues agreements, etc, pending proper documentation and distribution.

Indian special accounts

Pursuant to section 52 of the *Indian Act* these Indian special accounts represent a number of non-interest bearing accounts which are maintained for specific purposes and include the following:

- (a) Absent or missing heirs—Assets in an estate to which a missing heir is entitled are held in this account.

- (b) Abitibi fur reserve—This account records moneys received from the sale of pelts trapped on reserves in the Abitibi District in Quebec, to defer charges for tallymen's wages, freight costs, etc.

- (c) Abitibi fishery—This account records charges for the operation of the Abitibi sturgeon fish catching project.

1924 Ontario Lands Agreement

This account was established to record the Province of Ontario's share of the receipts from mineral activity on Indian reserves in accordance with the terms of the 1924 Ontario Lands Agreement. Payment of these funds to Indian bands is awaiting the reaching of an agreement between the Bands entitled to the funds and the provincial government.

Treaty Land Entitlement (Saskatchewan) Fund

This account was established to record contributions and payments pertaining to settling of Saskatchewan Indian Nation's land claims. Interest credited on the Province of Saskatchewan deposits was charged to public debt while interest on federal contribution was charged to expenditures of the Department of Indian Affairs and Northern Development.

Shared-cost projects—Industry

This account was established to record monies received from other governments and organizations in order to cover expenditures incurred under various shared-cost/joint project agreements.

Shared-cost agreements—Conferences and training—Industry

This account was established to record monies received from other governments and organizations for shared-cost agreements. Monies are disbursed on behalf of depositors as specific training is undertaken or conferences held.

Shared-cost agreements—Tourism

This account was established to record amounts deposited by external parties for shared-cost projects. Moneys are disbursed on behalf of depositors as specific projects are undertaken.

Shared-cost/joint project agreements—Research

This account was established to record monies received from other governments and organizations in order to cover expenditures incurred under various shared-cost/joint project agreements.

Income from securities in trust—Bankruptcy and Insolvency Act

This account was established by sections 78, 84, 154 and 194 of the *Bankruptcy and Insolvency Act*, to record dividends paid on stocks originally held by a bankrupt stockbroker but subsequently sold to clients. As the stocks were not registered in the clients' names, the dividends must be paid to the last registered owner, in this case, the stockbroker. The dividends are forwarded to the Superintendent of Bankruptcy for safe-keeping.

Securities in trust—Bankruptcy and Insolvency Act

This account was established by section 67 of the *Bankruptcy and Insolvency Act*, to record the value of securities originally held by a bankrupt stockbroker, on behalf of clients who have not been located.

Unclaimed dividends and undistributed assets—Bankruptcy and Insolvency Act

This account represents amounts credited to the Receiver General in accordance with the provisions of section 154 of the *Bankruptcy and Insolvency Act*, pending distribution to creditors.

Unclaimed dividends and undistributed assets—Canada Business Corporations Act

This account was established in accordance with sections 227 and 228 of the *Canada Business Corporations Act*, for the purpose of recording liabilities to creditors and shareholders who have not been located. The account is charged when funds are paid to them.

Unclaimed dividends and undistributed assets—Winding-up Act

This account records amounts credited to the Receiver General, in accordance with sections 138 and 139 of the *Winding-up Act*, pending distribution.

Radarsat

This account was established to record moneys received for both cost-sharing and advance payments for Radarsat scenes.

Special fund—National Research Council of Canada

This account was established by the *National Research Council Act*, to record revenues received from the operations of the National Research Council of Canada. Amounts were charged to this account and were credited to expenditures to offset incurred expenses.

The account was closed during 1995-96 and the outstanding balance was credited to non-tax revenues. All revenues received are now credited to non-tax revenues and a spending

authority is established to spend such revenues in the current and subsequent fiscal years. This spending authority is established pursuant to Section 5(1)(e) of the *National Research Council Act*.

Trust fund—National Research Council of Canada

This account was established by the *National Research Council Act*, to record funds received from other governments and organizations outside the accounting entity, to cover expenditures made on their behalf.

Trust fund—Natural Sciences and Engineering Research Council

This account was established by the *Natural Sciences and Engineering Research Council Act (1978)* to record funds received from other governments and organizations, to cover expenditures made on their behalf, and to record the liability to other organizations.

Queen's Fellowship fund—Social Sciences and Humanities Research Council

This fund is an endowment of \$250,000 that was established by Vote 45a, *Appropriation Act No. 5, 1973-74*. The income is used for the payment of scholarships to graduate students in certain fields of Canadian studies.

Trust fund—Social Sciences and Humanities Research Council

This account was established to record receipts and disbursements of funds available for social sciences and humanities research activities. The account is also used to record receipts of private donations and disbursements for the purpose of special projects.

Project deposits—Statistics Canada

This account was established to record deposits received from outside parties to secure payments for special statistical services.

Federal Court special account

This account was established to maintain accounts on behalf of litigants before the Court. These accounts record the moneys paid into the Federal Court of Canada, pursuant to an order of the Court, rules of the Court or statutes, to be held in trust pending payment of such moneys, in accordance with a judgment of the Court.

Foreign governments

These accounts were established to record funds received from foreign governments, to cover expenditures to be made on their behalf, in accordance with the provisions of agreements with the Government of Canada.

The debit balance in one of the accounts is the result of a processing delay and will be cleared in the new fiscal year.

North Atlantic Treaty Organization (NATO)—Infrastructure projects

These accounts were established to record funds received from NATO to cover (a) NATO infrastructure projects implemented by Canada, and, (b) other expenditures to be made on NATO's behalf, in accordance with the terms of an agreement with the Government of Canada.

Non-government agencies

This account was established to record funds received for expenditures made on behalf of non-government agencies, for which specific accounts have not been established.

Provincial governments—Research projects

This account is maintained to record funds received from provincial governments, for expenditures to be made on their behalf.

Atomic Energy of Canada Limited regional seismic monitoring station

This account was established to record funds received from Atomic Energy of Canada Limited, to accommodate the cost-sharing of expenses required to operate a network of regional seismic monitoring stations in the provinces of Ontario and Alberta.

Continental geoscience division—Ontario Hydro

This account was established to facilitate a cost sharing agreement between Natural Resources and Ontario Hydro to acquire, compile, process and interpret seismic reflection data recorded in Lake Ontario, Lake Erie, and Lake Huron.

International Energy Agency—Implementing agreement

This account was established to record funds for the cost-sharing of expenses between Canada, the United States, Japan, Sweden and Italy in respect to the International Energy Agency Implementing Agreement for a programme of research, development and demonstration on alcohol and alcohol blends as motor fuels.

Market development incentive payments—Alberta

This account records moneys received from the Government of Alberta, to encourage the expansion of natural gas markets in Alberta and provinces to the East, in accordance with an agreement between the Government of Canada and the Government of Alberta dated September 1, 1981 and pursuant to section 39 of the *Energy Administration Act*. The original term of the agreement was from November 1, 1981 to January 31, 1987. As a result of the Western Accord of March 25, 1985, payments from the Government of Alberta terminated as at April 30, 1986, however, payments are being made from the account for the Natural Gas Vehicle Program, the Natural Gas Fuelling Station Program, and the Energy Efficiency and Alternative Energy Program through to March 31, 1998.

Miscellaneous projects deposits—Natural Resources

This account was established to record contributions received from organizations and individuals for the furtherance of forestry research work.

Newfoundland Offshore Revenue Account

This account was established pursuant to section 214 of the *Canada-Newfoundland Atlantic Accord Implementation Act* to facilitate the sharing of certain revenues accruing from oil and gas activities in the Newfoundland offshore area with the Province of Newfoundland. Certain offshore revenues (taxes, royalties and miscellaneous revenues) are credited to this account and subsequent payments to the Province of Newfoundland are charged thereto.

Nova Scotia Offshore Revenue Account

This account was established pursuant to section 219 of the *Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act* to facilitate the sharing of certain revenues accruing from oil and gas activities in the Nova Scotia offshore area with the Province of Nova Scotia. Certain offshore revenues (taxes, royalties and miscellaneous revenues) are credited to this account and subsequent payments to the Province of Nova Scotia are charged thereto.

Shared-cost agreements—Research—Natural Resources

This account was established to facilitate the retention and disbursement of moneys received from private industries and other governments for joint projects or shared-cost research agreements.

Shared-cost projects—Natural Resources

This account was established to facilitate the retention and disbursement of moneys received from private organizations and other governments for cost-sharing scientific projects.

Francophone Summits

This account was established to record moneys granted in 1994 and 1995 by the "Agence de coopération culturelle et technique" (Paris) for completing projects involving the industrialization of the French language and the promotion of new French terms in both scientific and technical fields.

Interest on bonds—Insurance companies

This account is credited with the proceeds from interest coupons on bonds deposited by insurance companies under the *Insurance Companies Act*. Debits represent the payment of the same interest to the insurance companies.

Military purchases excess funds deposit

This account was established by a written agreement between Canada and the United States, to record temporarily unutilized funds paid to the United States Government under contracts for purchases of military equipment. The funds are invested by the Federal Reserve Bank of New York to earn interest for the Government of Canada.

Petro-Canada Enterprises Inc—Shares

This account was established to record the liability to shareholders who have not presented their shares for payment.

Mounted Police Foundation

This account was established to record funds received from the Mounted Police Foundation which will be used to cover expenditures related to community policing, educational, promotional and public relations projects throughout Canada.

Seized assets—Canadian funds

This account was established to record moneys seized during the course of investigations and drug seizures under the Criminal Code of Canada, the *Narcotic Control Act*, the *Food and Drug Act*, the *Customs Act* and the *Excise Act*. The funds are held pending Court decisions.

Seized assets—US funds

This account was established to record moneys seized during the course of investigations and drug seizures under the Criminal Code of Canada, the *Narcotic Control Act*, the *Food and Drug Act*, the *Customs Act* and the *Excise Act*. The funds are held pending Court decisions.

Sponsorship Agreement—Contributions

This account was established to record funds contributed to the Royal Canadian Mounted Police pursuant to sponsorship agreements for use in community policing programs.

Army benevolent fund

Pursuant to section 3 of the *Army Benevolent Fund Act*, this account was credited with certain canteen profits and other funds from World War II. Interest at the rate of 9.01 percent per annum is credited semi-annually for the period June 29, 1995 to June 28, 2000 on the minimum monthly balances.

Payments are made out of the fund to or for the benefit of World War II veterans or their dependents or the widows, children or other dependents of deceased veterans.

SUPPLEMENTARY STATEMENTS

Canada Pension Plan Account and the Canada Pension Plan Investment Fund

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The following financial statements have been prepared by Management of the Department of Human Resources Development in accordance with the accounting policies set out in Note 2 to the financial statements. The integrity and objectivity of the data and estimates in these financial statements are Management's responsibility. Management is also responsible for all other information in the *Annual Report on the Administration of the Canada Pension Plan* and for ensuring that this information is consistent, where appropriate, with the information and data contained in the financial statements of the Canada Pension Plan Account and the Canada Pension Plan Investment Fund.

In support of its responsibility, Management has developed and maintains books of account, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information, and to ensure that transactions are in accordance with the *Canada Pension Plan* (Act) and Regulations, as well as the *Financial Administration Act* and regulations.

The Auditor General of Canada, the Canada Pension Plan external auditor, audits the financial statements and reports to the Minister of Human Resources Development.

DAVID A. GOOD
Assistant Deputy Minister
Financial and Administrative Services

MEL CAPPE
Deputy Minister

July 26, 1996

AUDITOR'S REPORT

TO THE MINISTER OF HUMAN RESOURCES DEVELOPMENT

I have audited the statement of revenue, expenditures and balance of the Canada Pension Plan Account and the statement of purchases, disposals and balance of the Canada Pension Plan Investment Fund for the year ended March 31, 1996. These financial statements are the responsibility of the management of the Department of Human Resources Development. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the balances of the Account and the Investment Fund as at March 31, 1996 and the revenue and expenditures of the Account and the purchases and disposals of the Investment Fund for the year then ended in accordance with the accounting policies set out in Note 2 to the statements.

I wish to draw to your attention that, as disclosed in Note 6, overpayments for disability pensions occur and the amount could be significantly higher than the amount estimated.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
July 26, 1996

Canada Pension Plan Account and the Canada Pension Plan Investment Fund—Continued

CANADA PENSION PLAN ACCOUNT

STATEMENT OF REVENUE, EXPENDITURES AND BALANCE FOR THE YEAR ENDED MARCH 31, 1996

(in millions of dollars)

| | 1996 | 1995 |
|---|---------|--------|
| Revenue | | |
| Contributions—Employees, employers and self-employed | 10,607 | 10,464 |
| Interest (Note 3) | 4,376 | 4,415 |
| | 14,983 | 14,879 |
| Expenditures | | |
| Pensions (Note 6) | | |
| Retirement | 10,531 | 9,912 |
| Disability | 2,538 | 2,593 |
| Survivors' | 2,222 | 2,066 |
| | 15,291 | 14,571 |
| Benefits (Note 6) | | |
| Disabled contributors' child | 256 | 262 |
| Death | 230 | 224 |
| Orphans' | 192 | 200 |
| | 678 | 686 |
| Administration (Note 4) | 219 | 200 |
| | 16,188 | 15,457 |
| Decrease for the year | (1,205) | (578) |
| Balance at beginning of year | 40,373 | 40,951 |
| Balance at end of year | 39,168 | 40,373 |
| Represented by: | | |
| Canada Pension Plan Investment Fund | 35,531 | 36,967 |
| Deposit with the Receiver General for Canada | 3,637 | 3,406 |
| | 39,168 | 40,373 |

Contingencies (Note 7)

Approved by the Department of Human Resources Development:

DAVID A. GOOD

Assistant Deputy Minister
Financial and Administrative Services

MEL CAPPE

Deputy Minister

Canada Pension Plan Account and the Canada Pension Plan Investment Fund—Continued

CANADA PENSION PLAN INVESTMENT FUND

STATEMENT OF PURCHASES, DISPOSALS AND BALANCE FOR THE YEAR ENDED MARCH 31, 1996 (in millions of dollars)

| | Balance at beginning of year | Purchases | Disposals | Balance at end of year |
|-----------------------------------|------------------------------------|-----------|-----------|------------------------------|
| Investment in securities (Note 5) | | | | |
| Provinces and Territory | | | | |
| Newfoundland..... | 766 | | 29 | 737 |
| Prince Edward Island..... | 168 | | 6 | 162 |
| Nova Scotia..... | 1,394 | | 57 | 1,337 |
| New Brunswick..... | 1,032 | | 43 | 989 |
| Quebec..... | 127 | | 8 | 119 |
| Ontario..... | 16,554 | | 784 | 15,770 |
| Manitoba..... | 1,959 | | 84 | 1,875 |
| Saskatchewan..... | 1,650 | | 63 | 1,587 |
| Alberta..... | 4,614 | | 138 | 4,476 |
| British Columbia..... | 5,211 | | 214 | 4,997 |
| Yukon Territory..... | 4 | | | 4 |
| | 33,479 | | 1,426 | 32,053 |
| Canada..... | 3,488 | | 10 | 3,478 |
| | 36,967 | | 1,436 | 35,531 |

Approved by the Department of Human Resources Development:

DAVID A. GOOD

Assistant Deputy Minister

Financial and Administrative Services

MEL CAPPE

Deputy Minister

Canada Pension Plan Account and the Canada Pension Plan Investment Fund—Continued

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1996

1. (a) Description and authority

The Canada Pension Plan (CPP) is a federal/provincial plan established by act of Parliament in 1965 as a compulsory and contributory social insurance program. CPP is designed to provide a measure of protection to Canadian workers and their families against the loss of earnings due to retirement, disability or death. The Plan operates in all parts of Canada, except for the Province of Quebec which has a comparable program.

The Minister of Human Resources Development is responsible for the administration of the *Canada Pension Plan* (Act) other than Part 1. The Minister of National Revenue is responsible under Part 1 for collecting contributions. The Minister of Finance, in conjunction with the ministers of the Crown from the included provinces, is responsible for setting CPP contribution rates.

The Canada Pension Plan Account (the Account) was established in the accounts of Canada by the Act to record the contributions, interest, pensions, benefits and administration expenditures of the Plan. The authority to spend is limited to the balance of the Account.

The Canada Pension Plan Investment Fund (the Fund) was established in the accounts of Canada by the Act to record the investment in securities of the provinces, territories and Canada.

(b) Financing

CPP is financed on a pay-as-you-go basis, which means that the Plan operates on a current basis with pensions and benefits being paid out of current contributions. Under the Act, pensions, benefits and expenditures incurred in the administration of the Plan are financed from the contributions made by employees, employers and self-employed persons and from the interest earned on the investment of funds not immediately needed for pensions, benefits and administrative costs.

The projected balance in the Account is planned, over time, to equal about two times the projected annual payments in the following year.

Recognizing the need for higher rates of contributions, the legislation was amended in January 1987 to incorporate a 25-year schedule of contribution rates and provision for its review every five years by the Minister of Finance and Ministers of the Crown from the included provinces. At each review the rates of the first 20 years are modified, if the Ministers agree, and the schedule is extended for an additional five years. Agreement is required by at least two-thirds of the included provinces having in the aggregate not less than two-thirds of the population of all of the included provinces. If the Ministers do not reach agreement, the five-year extension to the schedule is automatically set by the formula contained in the regulations.

For the 1995 and 1996 calendar years, the combined employer and employee contribution rates are 5.4 percent and 5.6 percent of pensionable earnings respectively, subject to maximum combined contributions of \$1,701 and \$1,786. Following their last review of the schedule of contribution rates, the Ministers agreed on annual increases in the combined employer and employee contribution rates of .20 percent for the calendar years 1992 to 1996 to reach 5.6 percent, .25 percent for calendar years 1997 to 2006 to reach 8.1 percent and .20 percent for calendar years 2007 to 2016 to reach 10.1 percent. The Canada Pension Plan was amended by Bill C-39 to incorporate these changes effective January 1, 1992.

The Fourteenth Actuarial Report prepared by the Chief Actuary of the Office of the Superintendent of Financial Institutions dated December 1991, projects that, based on the above contribution rates, the desirable 2:1 ratio of the Account balance to projected annual payments, will be maintained until 2002. This Report, which was tabled in Parliament in April 1993, projects that the ratio will gradually decrease to 1.54:1 in 2030 and then gradually increase to re-establish the desirable 2:1 ratio in 2050.

The Fifteenth Actuarial Report was tabled in the House of Commons in February 1995. It is now being discussed by the federal Minister of Finance and the provincial Ministers. A decision on the schedule of contribution rates is required prior to January 1, 1997.

Canada Pension Plan Account and the Canada Pension Plan Investment Fund—Continued

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1996—Continued

2. Accounting policies

All financial transactions affecting the Account and the Fund are governed by the *Canada Pension Plan* (Act) and Regulations.

The CPP is a social insurance program. Benefits are not pre-funded as they are in private pension plans. Therefore, these statements are not required to show the adequacy of the balance in the CPP account to meet, on an actuarial basis, the future obligations of the CPP.

(a) Canada Pension Plan Account

Contributions, interest, pensions, benefits and administration expenditures are recorded on a cash basis.

Contributions are based on an estimate of the amount of cash to be collected that relates to the year and include adjustments between actual and estimated contributions of prior years.

Administration expenditures are based on an estimate of disbursements incurred during the year and include adjustments between actual and estimated expenditures of prior years.

(b) Canada Pension Plan Investment Fund

All investment in securities are carried at cost.

3. Interest revenue

| | 1996 | 1995 |
|--|--------------------------|-------|
| | (in millions of dollars) | |
| Interest on investment in securities held by the Fund: | | |
| Provinces and Territory | | |
| Newfoundland | 84 | 87 |
| Prince Edward Island | 19 | 19 |
| Nova Scotia | 157 | 159 |
| New Brunswick | 113 | 117 |
| Quebec | 13 | 14 |
| Ontario | 1,836 | 1,898 |
| Manitoba | 215 | 222 |
| Saskatchewan | 181 | 186 |
| Alberta | 511 | 519 |
| British Columbia | 574 | 596 |
| Yukon Territory (less than \$1 million) | | |
| | 3,703 | 3,817 |
| Canada | 356 | 357 |
| | 4,059 | 4,174 |
| Interest on short term investments (3 month term) with Canada | 23 | 3 |
| Interest on deposit with the Receiver General for Canada, at a weighted-average rate of 6.53 percent (1995—5.91 percent) | 294 | 238 |
| | 4,376 | 4,415 |

The weighted-average rate of interest on investment in securities held by the Fund during the year was 11.20 percent (1995—11.10 percent).

4. Administration

Expenditures of the Account represent the costs of services charged by the following federal Government departments and agency:

| | 1996 | 1995 |
|--|--------------------------|------|
| | (in millions of dollars) | |
| Human Resources Development Canada: | | |
| Pension and benefit delivery and corporate services | 133 | 112 |
| Assignment and maintenance of social insurance numbers | 2 | 1 |
| Revenue Canada: | | |
| Collection of contributions | 61 | 61 |
| Public Works and Government Services Canada: | | |
| Cheque issue and computer services | 16 | 18 |
| Accommodation | 6 | 7 |
| Office of the Superintendent of Financial Institutions: | | |
| Actuarial services | 1 | 1 |
| | 219 | 200 |

The pension and benefit delivery, charged to the Account by Human Resources Development, include \$29.1 million (1995—\$16.4 million) for the Income Security Programs redesign project. At March 31, 1996, the cumulative charges to the Account for this project amount to \$76.3 million. The Account's share of the total cost of the project is estimated to be \$114.1 million. The expected completion date is 1997.

5. Investment in securities

The balance on deposit with the Receiver General in excess of estimated cash requirements for the following three-month period are available for the purchase of securities of the provinces, territories and Canada. As required by the *Canada Pension Plan*, the monies available for security purchases are allocated to the provinces and territories in proportion to the contributions received in those provinces or territories during the preceding 10 years. Securities in Canada include a portion attributed to certain other employees outside Canada and any funds which a province declines.

Canada Pension Plan Account and the Canada Pension Plan Investment Fund—Concluded

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1996—Concluded

The securities of Quebec relate to the contributions of certain federal employees, such as members of the Canadian Armed Forces, who are residents in the Province of Quebec.

In 1995-96, there were no funds available for investment in provincial and territorial securities.

All securities are non-negotiable and have a term of 20 years or lesser period as may be determined by the Minister of Finance on the recommendation of the Chief Actuary of the Office of the Superintendent of Financial Institutions.

6. Pension and benefit mispayment

Given the nature of the Plan and the number of applicants and beneficiaries, from time to time overpayments and underpayments of pension and benefits payouts may be made. Such "mispayments" occur more frequently for disability pensions. There is greater subjectivity in the adjudication of these applications and, once accepted, beneficiaries must continue to meet the eligibility criteria.

The CPP Administration periodically undertakes studies of the extent and causes of pension and benefit mispayments. One study, which is almost completed for the 1994 CPP payment year, estimated, through statistical extrapolation, the most likely value of undetected mispayments at \$26 million (underpayments of \$11 million and overpayments of \$15 million). Disability mispayments, which are part of the CPP estimate, carry a most likely mispayment value of at least \$21 million (underpayments of \$7 million and overpayments of \$14 million). This review reflects a tightened and enhanced methodology over previous years. However, further improvement of the procedures for subsequent studies are required to assess initial and continuing eligibility factors for disability pension. Additional management controls should be put in place to reduce the occurrence of these overpayments and CPP Management is addressing these concerns. Therefore, the extent of the overpayment could be significantly higher than \$14 million.

Under the Act, when pension and benefit overpayments occur, the CPP Administration is required to recover the amount from the beneficiary or seek approval for write-off. As the CPP Administration is unable to fully identify overpayments, it cannot record, control and collect the potential accounts receivable from recipients.

7. Contingencies

At March 31, 1996, there were 15,231 (1995—17,387) appeals at various stages within the Canada Pension Plan. The estimated claims for these appeals against the Plan are \$26 million (1995—\$47 million). Any claim resulting from the resolution of these appeals will be accounted for as an expenditure of the period in which the claim is paid.

A number of persons who did not previously apply for a disability benefit, but who are potentially eligible, are being assisted by their province to secure their entitlement. Estimated unpaid retroactive entitlements related to these potential claims at March 31, 1996 amount to \$19 million.

SECTION 7

1995-96

PUBLIC ACCOUNTS OF CANADA

Current Assets

CONTENTS

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|--|-------------|
| Cash in bank | 7.3 |
| Cash in transit | 7.4 |
| Outstanding cheques and warrants | 7.5 |
| Accounts receivable..... | 7.6 |

CURRENT ASSETS

This section contains information on accounts reported on the Statement of Assets and Liabilities under "Current Assets".

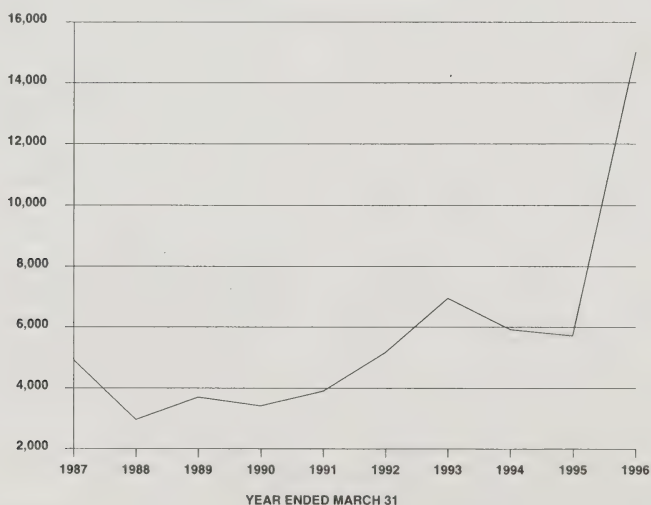
Table 7.1 presents the year-end balances of current assets by category. Chart 7A compares current assets for the last ten fiscal years.

Most tables in this section present the continuity of accounts, by showing the opening and closing balances. A narrative description is provided for accounts reported in some tables. Such description follows the same presentation order as the respective tables.

TABLE 7.1
CURRENT ASSETS

| | April 1/1995 | March 31/1996 |
|---|---------------|----------------|
| | \$ | \$ |
| Cash in bank, Table 7.2 | 1,893,378,077 | 8,554,728,202 |
| Cash in transit, Table 7.5 | 3,240,622,247 | 4,189,177,950 |
| | 5,134,000,324 | 12,743,906,152 |
| Less: outstanding cheques and warrants, Table 7.6 | 3,751,047,974 | 3,700,279,258 |
| Total cash | 1,382,952,350 | 9,043,626,894 |
| Accounts receivable, Table 7.7 | 4,352,860,000 | 5,972,714,000 |
| Total | 5,735,812,350 | 15,016,340,894 |

CHART 7A
CURRENT ASSETS
(in millions of dollars)



Cash in Bank

This account records public moneys on deposit at March 31, to the credit of the Receiver General for Canada, with the Bank of Canada, chartered banks and other financial institutions.

The cash position of the Government is affected not only by budgetary transactions, but also by non-budgetary, foreign exchange and unmatured debt transactions, all of which must be taken into account when considering the full scope of the Government's financial operations.

Table 7.2 presents a summary of the balances in current and special Receiver General deposits.

The year-end balances denominated in foreign currencies have been translated into Canadian dollar equivalents at year-end closing rates of exchange. Foreign currencies held include United Kingdom pounds sterling, United States dollars, Belgian, Swiss and French francs, and German marks.

TABLE 7.2
CASH IN BANK

| | April 1/1995 | March 31/1996 |
|-------------------------------------|---------------|---------------|
| | \$ | \$ |
| Receiver General— | | |
| Current deposits— | | |
| Canadian currency, Table 7.3 | 1,817,364,435 | 8,479,205,366 |
| Foreign currencies, Table 7.4 | 74,570,974 | 71,597,603 |
| Special deposits | 1,442,668 | 3,925,233 |
| Total | 1,893,378,077 | 8,554,728,202 |

Receiver General current deposits

The monthly comparative balances of Canadian and foreign currency deposits are presented in the following tables:

TABLE 7.3
CANADIAN CURRENCY DEPOSITS

(in millions of dollars)

| At end of month of | Year ended March 31 | |
|-----------------------|---------------------|-------|
| | 1996 | 1995 |
| April | 549 | 1,383 |
| May | 3,563 | 1,691 |
| June | 2,289 | 591 |
| July | 6,193 | 599 |
| August | 2,707 | 1,393 |
| September | 7,115 | 1,728 |
| October | 8,930 | 1,215 |
| November | 7,202 | 1,189 |
| December | 6,405 | 3,146 |
| January | 3,032 | 1,544 |
| February | 5,298 | 2,016 |
| March | 8,479 | 1,817 |

TABLE 7.4
FOREIGN CURRENCY DEPOSITS
(translated into Canadian dollars)
(in millions of dollars)

| At end of month of | Year ended March 31 | |
|-----------------------|---------------------|------|
| | 1996 | 1995 |
| April | (22) | 13 |
| May | 34 | 40 |
| June | 16 | 32 |
| July | 24 | 28 |
| August | 22 | 32 |
| September | 36 | 17 |
| October | 20 | 1 |
| November | 16 | 14 |
| December | 38 | 38 |
| January | 42 | 14 |
| February | 21 | 21 |
| March | 72 | 75 |

Receiver General special deposits

These are balances in the hands of fiscal agents of the Government, for the purchase or redemption of Government securities, and for the payment of interest.

Cash in Transit

Table 7.5 presents a summary of the balances for cash in transit. This category of accounts records amounts which are reported in the financial statements, but which were not deposited in the Consolidated Revenue Fund or other bank accounts until after March 31.

TABLE 7.5
CASH IN TRANSIT

| | April 1/1995 | March 31/1996 |
|--|---------------|---------------|
| | \$ | \$ |
| Cash in hands of collectors and in transit | 3,112,820,236 | 3,889,170,552 |
| Moneys received after March 31 but applicable to the current year | 91,987,011 | 156,319,398 |
| Less: portion transferred to accounts receivable—Other receivables | 91,329,000 | 155,656,000 |
| | 658,011 | 663,398 |
| Other cash—Consolidated Crown corporations ⁽¹⁾ | 127,144,000 | 299,344,000 |
| Total | 3,240,622,247 | 4,189,177,950 |

⁽¹⁾ Additional information on the consolidated Crown corporations is provided in Section 4 of this volume.

Cash in hands of collectors and in transit

This account records public moneys received by public officers prior to April 1, but not deposited to the credit of the Receiver General for Canada in the Bank of Canada, before that date.

Moneys received after March 31 but applicable to the current year

Public moneys received after March 31, but applicable to the year just ended, are recorded in this account.

This account includes receipts to be credited to asset, liability and (in exceptional cases) tax revenue accounts, where the omission of the credits in the old year would tend to make the accounting incomplete or inconsistent.

Other cash—Consolidated Crown corporations

This account records the cash position of the consolidated Crown corporations. These funds are not public moneys to the credit of the Receiver General for Canada but are for the exclusive use of these Crown corporations.

Outstanding Cheques and Warrants

This account records cheques and warrants issued but not yet presented for payment.

Table 7.6 presents a summary of the balances for outstanding cheques and warrants.

TABLE 7.6
OUTSTANDING CHEQUES AND WARRANTS

| | April 1/1995 | March 31/1996 |
|---------------------------------------|---------------|---------------|
| | \$ | \$ |
| Outstanding cheques | 3,459,891,220 | 3,398,079,826 |
| Imprest account cheques | 403,528 | 213,884 |
| Unemployment insurance warrants | 290,753,226 | 301,985,548 |
| Total | 3,751,047,974 | 3,700,279,258 |

Outstanding cheques

Cheques issued in Canadian dollars, and unpaid at March 31, are recorded in this account. Cheques outstanding for 10 years are transferred to non-tax revenues. During the year, an amount of \$9,207,562 was transferred to non-tax revenues.

Cheques in foreign currencies are credited to the Government's cash account at the time of issue.

Imprest account cheques

Imprest account cheques issued and unpaid at March 31, with the exception of those outstanding for 10 years or more (which have been transferred to non-tax revenues), are recorded in this account. During the year, an amount of \$844,982 was transferred to non-tax revenues.

Unemployment insurance warrants

This account records outstanding unemployment insurance benefit warrants.

Accounts Receivable

Accounts receivable represent billed (but uncollected) and unbilled or accrued financial claims arising from amounts owed to a Government body for use of its assets, or from the proceeds for provision of services as of March 31, 1996. Non-tax revenues and revenues netted against expenditures are accounted for in the period the transactions or events give rise to the revenues.

Accounts receivable written off or forgiven are included in Section 3 of Volume II Part II (Statement of debts, obligations and claims written off or forgiven).

Accounts receivable for tax revenues are not recorded in the accounts of Canada. However, these amounts are reported on a memorandum basis and details of the balances are included in Section 4 of Volume II Part II.

Table 7.7 presents a summary of the balances for accounts receivable.

TABLE 7.7

ACCOUNTS RECEIVABLE

| | April 1/1995 | March 31/1996 |
|--|---------------|---------------|
| | \$ | \$ |
| Non-tax revenues and revenues netted against expenditures ⁽¹⁾ | 4,098,764,000 | 3,569,600,000 |
| Other receivables | 91,329,000 | 155,656,000 |
| Receivables from the sale of investments | | 1,954,000,000 |
| Accounts receivable of consolidated Crown corporations ⁽²⁾ | 162,767,000 | 293,458,000 |
| Total | 4,352,860,000 | 5,972,714,000 |

⁽¹⁾ Non-tax revenues and revenues netted against expenditures are net of an allowance for doubtful accounts of \$2,005 million for 1996 (\$1,676 million for 1995).

⁽²⁾ Additional information on the consolidated Crown corporations is provided in Section 4 of this volume.

Non-tax revenues and revenues netted against expenditures

This account records accrued financial claims owed to the Government and arising from non-tax revenues and revenues netted against expenditures. These receivables are accounted for in the period in which the transactions or events occurred.

Other receivables

This account records public moneys received after March 31, but applicable to the year just ended. It includes refunds of old year expenditures received prior to the closing of the accounts, and receipts to be credited to non-tax revenue accounts, where the omission of the credits in the old year would tend to make the accounting incomplete or inconsistent.

Receivables from the sale of investments

This account records amounts receivable from the disposal of the Government's investment in the Canadian National Railway Company (CN) and Petro-Canada. Also included in this account is an amount of \$41 million related to a subscription and indemnity agreement between the Government and CN for 3,800,000 shares of CN which were simultaneously purchased and sold by the Government.

Accounts receivable of consolidated Crown corporations

This account records the financial claims of consolidated Crown corporations.

Table 7.8 presents disclosure of information related to long-term accounts receivable for non-tax revenues and revenues netted against expenditures. A long-term account receivable is defined as an account receivable where settlement is not due for at least 12 months following March 31, 1996.

TABLE 7.8

LONG-TERM ACCOUNTS RECEIVABLE FOR NON-TAX REVENUES AND REVENUES NETTED AGAINST EXPENDITURES

(in thousands of dollars)

| Categories of accounts receivable | 1996 | | | 1995 |
|---|---------------------------|---------------------------------|-------------------------|-------------------------|
| | Gross accounts receivable | Allowance for doubtful accounts | Net accounts receivable | Net accounts receivable |
| Non-tax revenues— | | | | |
| Return on investments | 588,207 | 123,622 | 464,585 | 592,378 |
| Proceeds from sales | 2,517 | 2,517 | | 516 |
| Refunds of previous years' expenditures | 760,981 | 144,774 | 616,207 | 853,285 |
| Privileges, licences and permits | 2,093 | | 2,093 | |
| Service fees | 48 | 48 | | |
| Miscellaneous | 3,149 | | 3,149 | |
| Revenues netted against expenditures | 3 | | 3 | |
| Total long-term accounts receivable | 1,356,998 | 270,961 | 1,086,037 | 1,446,179 |

Table 7.9 presents the aging for non-tax revenues and revenues netted against expenditures (net of allowance for doubtful accounts) for the period over which claims at March 31, 1996 have been outstanding.

TABLE 7.9

AGING OF ACCOUNTS RECEIVABLE FOR NON-TAX REVENUES AND REVENUES NETTED AGAINST EXPENDITURES

(in thousands of dollars)

| Categories of accounts receivable | Outstanding days | | | | Total as at March 31, 1996 |
|--|------------------|--------|--------|-----------|----------------------------|
| | 0—30 | 31—60 | 61—90 | Over 90 | |
| Non-tax revenues— | | | | | |
| Return on investments | 328,553 | 1,508 | 2,243 | 46,407 | 378,711 |
| Proceeds from sales | 3,139 | 538 | 102 | 994 | 4,773 |
| Refunds of previous years' expenditures | 98,459 | 20,139 | 4,096 | 151,957 | 274,651 |
| Privileges, licences and permits | 5,339 | 717 | 456 | 27,540 | 34,052 |
| Service fees | 56,467 | 8,321 | 3,868 | 29,028 | 97,684 |
| Miscellaneous | 110,957 | 38,614 | 23,180 | 652,778 | 825,529 |
| Revenues netted against expenditures | 272,232 | 26,504 | 34,654 | 258,786 | 592,176 |
| | 875,146 | 96,341 | 68,599 | 1,167,490 | 2,207,576 |
| Other amounts | | | | | 1,362,024 ⁽¹⁾ |
| Total non-tax revenues and revenues netted against expenditures (net of allowance for doubtful accounts) | | | | | 3,569,600 |

⁽¹⁾ This amount represents long-term accounts receivable and other amounts, which if included, would cause the aging schedule to be misleading.

SECTION 8

1995-96

PUBLIC ACCOUNTS OF CANADA

Foreign Exchange Accounts

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FOREIGN EXCHANGE ACCOUNTS

Foreign exchange accounts represent financial claims and obligations of the Government as a result of Canada's foreign exchange operations. Financial claims and obligations denominated in foreign currencies are reported at Canadian dollar equivalents at March 31. Net gains resulting from the translation of the net assets denominated in foreign currencies, to Canadian dollar equivalents as at March 31, are credited to revenues, and net losses are charged to expenditures of the Department of Finance.

Table 8.1 presents the continuity of each foreign exchange account, by showing the opening and closing balances, as well

as payments and other charges and receipts and other credits. It should be noted, however, that this table excludes unmatured debt payable in foreign currencies, amounting to \$16,809 million as at March 31, 1996 (\$16,921 million as at March 31, 1995); details relating to these obligations are presented in Section 6 of this volume. A narrative description is provided for accounts reported in some tables. Such description follows the same presentation order as the respective tables. Chart 8A compares the net foreign exchange accounts for the last ten fiscal years.

TABLE 8.1
FOREIGN EXCHANGE ACCOUNTS

| | April 1/1995 | Payments and other charges | Receipts and other credits | March 31/1996 |
|--|----------------|-------------------------------|-------------------------------|----------------|
| | \$ | \$ | \$ | \$ |
| International reserves held in the Exchange Fund | | | | |
| Account, Table 8.2 | 14,355,736,206 | 109,184,146,250 | 104,631,531,611 | 18,908,350,844 |
| International Monetary Fund—Subscriptions | 9,433,159,035 | | 853,345,656 | 8,579,813,379 |
| | 23,788,895,241 | 109,184,146,250 | 105,484,877,267 | 27,488,164,223 |
| Less: | | | | |
| International Monetary Fund—Notes payable | 7,737,386,277 | 1,394,145,838 | 542,920,891 | 6,886,161,330 |
| Special drawing rights allocations | 1,701,540,751 | 153,925,361 | | 1,547,615,390 |
| | 9,438,927,028 | 1,548,071,199 | 542,920,891 | 8,433,776,720 |
| Total | 14,349,968,213 | 110,732,217,449 | 106,027,798,158 | 19,054,387,503 |

CHART 8A

FOREIGN EXCHANGE ACCOUNTS (in millions of dollars)



International Reserves Held in the Exchange Fund Account

This account records the moneys advanced from the Government to the Exchange Fund Account, in Canadian and other currencies, for the purchase of gold, foreign currencies and securities, and special drawing rights (SDRs).

The Exchange Fund Account is operated under the provisions of the *Currency Act*. In accordance with this Act, audited financial statements for the Exchange Fund Account are prepared for each calendar year. The financial statements as at December 31, 1995, together with the Auditor General's report thereon, are found at the end of this section.

Table 8.2 shows international reserves held in and advances to the Exchange Fund Account as at March 31, 1996. Gold held by the Account is valued at 35 SDRs per fine ounce (\$69.51 Cdn as at March 31, 1996 and \$76.42 Cdn as at March 31, 1995).

In 1995-96, payments and other charges consisted of advances to the Exchange Fund Account in the amount of \$108,798 million, a valuation adjustment of \$64 million and an adjustment of \$322 million to recognize the net income of the Exchange Fund Account for the period January 1 to March 31. Receipts and other credits consisted of repayments of advances of \$104,631 million.

TABLE 8.2

INTERNATIONAL RESERVES HELD IN THE EXCHANGE FUND ACCOUNT

(in millions of dollars)

| | March 31/1996 | March 31/1995 |
|---|---------------|---------------|
| US cash on deposits | 259 | 172 |
| US dollar short-term deposits | 4,615 | 2,807 |
| US dollar investments | 11,536 | 8,441 |
| Deutsche marks cash on deposits | 166 | 158 |
| Deutsche marks short-term deposits | 180 | 119 |
| Japanese yen cash on deposits | (1) | (1) |
| Japanese yen short-term deposits | 336 | 379 |
| Special drawing rights | 1,584 | 1,981 |
| Gold | 232 | 298 |
| Canadian cash on deposits | (1) | 1 |
| Total | 18,908 | 14,356 |
| Advances by the Consolidated Revenue Fund were denominated as follows: | | |
| US dollars (1996, \$13,154 million US; 1995, \$12,379 million US) | 17,877 | 17,321 |
| Special drawing rights (1996, SDR 38 million; 1995, SDR 38 million) | 76 | 84 |
| Canadian dollar deposit with the Receiver General for Canada | 633 | (3,616) |
| Total advances from the Consolidated Revenue Fund | 18,586 | 13,789 |
| Total net income from January 1 to March 31 | 322 | 567 |
| Total | 18,908 | 14,356 |

(1) Less than \$500,000.

International Monetary Fund— Subscriptions

This account records the value of Canada's subscription (its "quota") to the capital of the International Monetary Fund (IMF).

The amount by which the sum of Canada's subscriptions plus loans to the IMF under special facilities exceeds the IMF's holdings of Canadian dollars represents the amount of foreign exchange which Canada is entitled to draw from the IMF on demand for balance of payments purposes. The subscription is expressed in terms of the SDR, a unit of account defined in terms of a "basket" of five major currencies.

Canada has accumulated its subscriptions through settlements to the IMF in Canadian dollars, gold and SDRs. Annual maintenance of value payments are made to, or received from, the IMF when the Canadian dollar depreciates or appreciates against the SDR, in order to maintain the SDR-value of the IMF's holdings of Canadian dollars.

In 1995-96, receipts and other credits consisted of a maintenance of value adjustment of \$674 million and a valuation adjustment of \$179 million.

International Monetary Fund—Notes Payable

This account records non-marketable, non-interest bearing notes issued by the Government to the IMF. These notes are payable on demand and are subject to redemption or re-issue, depending on the needs of the IMF for Canadian currency.

Canadian dollar holdings of the IMF include these notes and a small working balance (initially equal to one-quarter of one percent of Canada's subscription) held on deposit at the Bank of Canada. In 1995-96, notes payable to the IMF decreased by \$851 million.

Special Drawing Rights Allocations

This account records the value of SDRs allocated to Canada by the IMF. The special drawing right is an international currency created by the IMF, and allocated to countries participating in its Special Drawing Rights Department. It represents a liability of Canada, as circumstances could arise whereby Canada could be called upon to repay these allocations, in part or in total.

As an asset, SDRs represent rights to purchase currencies of other countries participating in the IMF's Special Drawing Rights Department, as well as to make payments to the IMF itself. All SDRs allocated to Canada by the IMF have either been used to settle subscriptions in the IMF, or have been advanced to the Exchange Fund Account.

There was no allocation of SDRs by the IMF to Canada during the year. In 1995-96, payments and other charges consisted of a valuation adjustment of \$154 million.

SUPPLEMENTARY STATEMENT

Exchange Fund Account

MANAGEMENT RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Responsibility for the financial statements of the Exchange Fund Account and all other information presented in this Annual Report rests with the Department of Finance. The operation of the Account is governed by the provisions of Part II of the *Currency Act*. The Account is administered by the Bank of Canada as fiscal agent.

The financial statements were prepared in accordance with the stated accounting policies of the Government of Canada set out in Note 2 to the financial statements. These policies were applied on a basis consistent with that of the preceding year.

The Department of Finance establishes policies for Exchange Fund Account transactions and investments, and related accounting activities. It also ensures that the Account's activities comply with the statutory authority of the *Currency Act*.

The Bank of Canada effects transactions for the Account and maintains records, as required to provide reasonable assurance regarding the reliability of the financial statements. The Bank reports to the Department of Finance on the financial position of the Account and on the results of its operations.

The Auditor General of Canada conducts an independent audit of the financial statements of the Account and reports the results of his audit to the Minister of Finance.

The Annual Report of the Account is tabled in Parliament along with the financial statements, which are part of the Public Accounts, and are referred to the Standing Committee on Public Accounts for their review.

GORDON THIESSEN
Governor
Bank of Canada

D.A. DODGE
Deputy Minister
Department of Finance

BRUCE MONTADOR
Chief, Financial Markets Department
Bank of Canada

AUDITOR'S REPORT

TO THE MINISTER OF FINANCE

I have audited the balance sheet of the Exchange Fund Account as at December 31, 1995 and the statement of revenues due to the Consolidated Revenue Fund for the year then ended. These financial statements are the responsibility of the Department of Finance. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Department of Finance, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Account as at December 31, 1995 and the revenues due to the Consolidated Revenue Fund for the year then ended in accordance with the stated accounting policies of the Government of Canada set out in Note 2 to the financial statements.

Further, in my opinion, the transactions of the Account that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the applicable provisions of Part II of the *Currency Act*.

Wm.F. Radburn, FCA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
February 14, 1996

Exchange Fund Account—Continued

BALANCE SHEET AS AT DECEMBER 31, 1995
(in millions of dollars)

| ASSETS | 1995 | | 1994 | | DUE TO THE CONSOLIDATED REVENUE FUND | 1995 | | 1994 | |
|---|-------|--------|-------|--------|--------------------------------------|--------|--------|--------|--------|
| | US | C | US | C | | C | | C | |
| Denominated in US dollars | | | | | | | | | |
| Cash and short-term deposits ... | 2,350 | 3,206 | 2,227 | 3,121 | Advances (Note 8) | 12,168 | | 10,480 | |
| Marketable securities (Note 3) .. | 5,724 | 7,807 | 4,734 | 6,636 | Revenues for the year | 1,383 | | 1,905 | |
| | 8,074 | 11,013 | 6,961 | 9,757 | | | | | |
| Denominated in other foreign currencies | | | | | | | | | |
| Cash and short-term deposits (Note 4) | 255 | 348 | 233 | 326 | | | | | |
| Marketable securities (Note 5) .. | 240 | 327 | 285 | 400 | | | | | |
| | 495 | 675 | 518 | 726 | | | | | |
| Denominated in special drawing rights | | | | | | | | | |
| Special drawing rights (Note 6) .. | 1,185 | 1,617 | 1,157 | 1,622 | | | | | |
| Gold and gold loans (Note 7) | 180 | 245 | 199 | 279 | | | | | |
| | 1,365 | 1,862 | 1,356 | 1,901 | | | | | |
| Official international reserve assets (Note 2(d)) | 9,934 | 13,550 | 8,835 | 12,384 | | | | | |
| Denominated in Canadian dollars | | | | | | | | | |
| Cash | | 1 | | 1 | | | | | |
| | | 13,551 | | 12,385 | | | 13,551 | | 12,385 |

Commitments (Note 9)

See accompanying notes

Approved:

GORDON THIESSEN

Governor

Bank of Canada

D.A. DODGE

Deputy Minister

Department of Finance

BRUCE MONTADOR

Chief, Financial Markets Department

Bank of Canada

Exchange Fund Account—Continued

STATEMENT OF REVENUES DUE TO THE CONSOLIDATED
REVENUE FUND FOR THE YEAR ENDED DECEMBER 31, 1995
(in millions of Canadian dollars)

| | 1995 | 1994 |
|--|--------------|--------------|
| Investment income | | |
| Marketable securities | 758 | 168 |
| Cash and short-term deposits | 188 | 131 |
| Special drawing rights | 79 | 67 |
| Gold | 17 | 5 |
| | 1,042 | 371 |
| Other income | | |
| Gain on sales of gold | 214 | 992 |
| Net foreign exchange gains (Note 10) | 127 | 542 |
| | 341 | 1,534 |
| Revenues for the year due to the Consolidated Revenue Fund (Note 2 (e)) | 1,383 | 1,905 |

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995

1. Authority and objective

The Exchange Fund Account (the Account) is governed by Part II of the *Currency Act* (the Act). The Account is in the name of the Minister of Finance (the Minister) and is administered by the Bank of Canada as fiscal agent. The *Financial Administration Act* does not apply to the Account.

The main objective of the Account is to aid in the control and protection of the external value of the Canadian dollar, and the Minister acquires or sells for the Account those assets which are deemed appropriate for this purpose in accordance with the Act. The Act requires that the Minister publish in the Canada Gazette the list of currencies and units of account deemed eligible as assets of the Exchange Fund Account, as well as the investment criteria used for the designation of eligible issuers and securities.

2. Significant accounting policies

The following accounting policies, which conform to the stated accounting policies of the Government of Canada as stated in note 1 to the Financial statement, have been applied on a basis consistent with that of the preceding year.

(a) Valuation of assets

Marketable securities are adjusted for unamortized premiums or discounts where applicable, and are reported at the lower of the adjusted cost or market value. Marketable securities, short-term deposits and special drawing rights (SDRs) include accrued interest. The SDR is a unit of account issued by the International Monetary Fund (IMF), and its value is determined in terms of a basket of five major currencies.

Gold and gold loans includes accrued interest. Gold is carried in the Account at a value of 35 SDRs per fine ounce.

(b) Investment income

Investment income is recorded on an accrual basis and includes interest earned, amortization of premiums and discounts, and gains and interest on the sale of marketable securities. Sales of securities are recorded at settlement date.

(c) Gold

Gold sales are recorded at settlement date. Revenue from gold loans is recorded on an accrual basis.

(d) Translation of foreign currencies and SDRs

The Account's foreign assets are translated to US dollar equivalents for the publication of Canada's official international reserves holdings; the US dollar is the main currency used for official operations aimed at maintaining the external value of the Canadian dollar. The Account's records and financial statements are maintained in Canadian dollars.

Assets and advances denominated in foreign currencies and SDRs are translated into Canadian and US dollar equivalents at year-end market exchange rates, which were as follows:

| | 1995 | 1994 |
|-----------------------------|---------|---------|
| US dollar | 1.36400 | 1.40180 |
| Japanese yen | 0.01319 | 0.01405 |
| Deutsche mark | 0.94960 | 0.90530 |
| Special drawing right | 2.02757 | 2.04642 |

Net foreign exchange gains or losses result from the translation of foreign currency balances and transactions throughout the year.

Investment income in foreign currencies and SDRs is translated into Canadian dollars at the foreign exchange rates prevailing on the date the income is earned.

(e) Disposition of revenues

The revenues for the year are payable to the Consolidated Revenue Fund (CRF) of the Government of Canada within three months after the end of the year in accordance with the Act.

(f) Services received without charge

The Account receives, without charge, administrative, custodial and fiscal agency services from the Bank of Canada.

(g) Interest-free advances

The Account receives interest-free advances from the Consolidated Revenue Fund.

Exchange Fund Account—Continued

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1995—Continued

3. Marketable securities denominated in US dollars

| | 1995 | | 1994 | |
|---|--------------------------|-------|-------|-------|
| | US | C | US | C |
| | (in millions of dollars) | | | |
| US Government securities | 3,532 | 4,818 | 2,665 | 3,736 |
| US Federal Agencies securities | 1,143 | 1,560 | 1,228 | 1,721 |
| Sovereign paper | 594 | 809 | 620 | 869 |
| International Bank for Reconstruction and Development bonds | 393 | 536 | 193 | 271 |
| Accrued interest | 62 | 84 | 28 | 39 |
| | 5,724 | 7,807 | 4,734 | 6,636 |

Estimated market value at year end:

1995—US\$ 5,815 million (C\$ 7,932 million)

1994—US\$ 4,734 million (C\$ 6,636 million)

4. Cash and short-term deposits denominated in other foreign currencies

| | 1995 | | 1994 | |
|------------------------|--------------------------|-----|------|-----|
| | US | C | US | C |
| | (in millions of dollars) | | | |
| Japanese yen | 1 | 2 | 3 | 4 |
| Deutsche marks | 253 | 344 | 229 | 321 |
| Accrued interest | 1 | 2 | 1 | 1 |
| | 255 | 348 | 233 | 326 |

5. Marketable securities denominated in other foreign currencies

| | 1995 | | 1994 | |
|--------------------------------------|--------------------------|-----|------|-----|
| | US | C | US | C |
| | (in millions of dollars) | | | |
| German Treasury discount paper | | | 32 | 45 |
| Japanese government securities | 240 | 327 | 253 | 355 |
| | 240 | 327 | 285 | 400 |

Estimated market value at year end:

1995—US\$ 242 million (C\$ 330 million)

1994—US\$ 287 million (C\$ 402 million)

6. Special drawing rights

| | 1995 | 1994 |
|-----------------------------------|-----------------------|------|
| | (in millions of SDRs) | |
| Held at the end of the year | 792 | 787 |
| Accrued interest | 6 | 6 |
| | 798 | 793 |

| | 1995 | | 1994 | |
|---------------------------------|--------------------------|-------|-------|-------|
| | US | C | US | C |
| | (in millions of dollars) | | | |
| Held at the end of the year ... | 1,177 | 1,606 | 1,148 | 1,609 |
| Accrued interest | 8 | 11 | 9 | 13 |
| | 1,185 | 1,617 | 1,157 | 1,622 |

7. Gold

| | 1995 | 1994 |
|-----------------------------------|-------------------------------|-------|
| | (in thousands of fine ounces) | |
| Held at the beginning of the year | | |
| Gold..... | 999 | 3,615 |
| Gold loans | 2,886 | 2,438 |
| | 3,885 | 6,053 |
| Sold during the year | 471 | 2,168 |
| Held at the end of the year | 3,414 | 3,885 |
| Composed of | | |
| Gold..... | 122 | 999 |
| Gold loans | 3,292 | 2,886 |
| | 3,414 | 3,885 |

| | 1995 | | 1994 | |
|--------------------------------------|--------------------------|-----|------|-----|
| | US | C | US | C |
| | (in millions of dollars) | | | |
| Held at the end of the year | | | | |
| Gold | 7 | 9 | 51 | 71 |
| Gold loans | 171 | 233 | 147 | 207 |
| Accrued interest on gold loans | 2 | 3 | 1 | 1 |
| | 180 | 245 | 199 | 279 |

The value of gold as recorded in accordance with the Account's accounting policy, the market value (based on London fixings), and the approximate Canadian dollar cost of gold and gold loans at historical rates of exchange, excluding accrued interest on gold loans, at year end are:

| | | 1995 | | 1994 | |
|-----------------------------|-------------|----------------------|-------------------------|----------------------|-------------------------|
| | | Price per fine ounce | Total value in millions | Price per fine ounce | Total value in millions |
| Recorded value | —US\$ | 52.03 | 178 | 51.09 | 198 |
| | —C\$ | 70.96 | 242 | 71.62 | 278 |
| Market value | —US\$ | 386.70 | 1,320 | 382.50 | 1,486 |
| | —C\$ | 527.46 | 1,801 | 536.19 | 2,083 |
| Approximate historical cost | —C\$ | 36.91 | 126 | 36.91 | 143 |

Exchange Fund Account—Concluded

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1995—*Concluded***8. Due to the Consolidated Revenue Fund - Advances**

The Account is funded by advances from the CRF. These are currently limited to C\$25 billion by Order in Council dated June 30, 1988. The CRF does not charge interest on advances to the Account. At year end, advances from (to) the CRF consisted of:

| | 1995 | 1994 |
|------------------------------|-----------------------------------|---------------|
| | (in millions of Canadian dollars) | |
| US dollars | 15,432 | 13,539 |
| Canadian dollars | (3,342) | (3,138) |
| Special drawing rights | 78 | 79 |
| | <u>12,168</u> | <u>10,480</u> |

The proceeds of Canada's borrowings in foreign currency and allocations of SDRs by the IMF have been advanced from the CRF to the Account. Repayments of foreign currency debt are made using the resources of the Account. Interest payable by Canada on borrowings in foreign currencies and charges on SDR allocations to Canada are charged directly to the CRF.

9. Commitments**(a) Currency swaps**

The Account enters into short-term currency swap arrangements with the Bank of Canada and with major financial institutions. The objective of swaps with the Bank of Canada is to assist the Bank in its cash management operations while the objective of swaps with financial institutions is to assist the Government in managing its domestic cash balances in a more cost-effective manner. Under these agreements, the Account sells US dollars for Canadian dollars, with simultaneous agreements to repurchase US dollars on future dates at predetermined exchange rates. Swaps with the Bank of Canada are reversed at the same exchange rates as those used in the initial sales, while the rates used in swaps with financial institutions reflect the premium or discount prevailing in the market at the time the swaps were entered into. These swaps result in decreases in the Account's foreign currency assets and in the level of advances from the CRF. The effect is reversed when the swaps mature.

At year end, the Account had the following commitments to repurchase US dollars under swap arrangements:

| | 1995 | | 1994 | |
|----------------------|--------------------------|-------|-------|-------|
| | US | C | US | C |
| | (in millions of dollars) | | | |
| Bank of Canada | 3,927 | 5,365 | 2,578 | 3,604 |

(b) Uncompleted transactions

At year end, the Account had commitments for net purchases of US\$ 8 million (1994—net purchases of US\$ 7 million) against C\$ 11 million (1994—C\$ 10 million), all maturing in January 1996.

(c) Gold options

The Minister of Finance authorized the sale of call options on part of the Account's gold holdings. Under such transactions, the Account receives a premium against commitments to sell gold, at predetermined prices, on the expiry date of the options which can be exercised at the holder's discretion. No gold is sold unless the holders of the options exercise their right on the expiry dates.

At year end, the Account had outstanding commitments to sell 90,000 fine ounces of gold under call option contracts with a total value of US\$ 36 million (1994—no commitments) all maturing by March 1996.

10. Net foreign exchange gains (losses)

| | 1995 | | 1994 | |
|------------------------------|-----------------------------------|-------------|------------|------------|
| | Assets | Liabilities | Net | Net |
| | (in millions of Canadian dollars) | | | |
| Assets and liabilities | | | | |
| denominated in: | | | | |
| US dollars | (402) | 526 | 124 | 212 |
| Japanese yen | (11) | | (11) | 65 |
| Deutsche marks | 25 | | 25 | 56 |
| Special drawing rights | (12) | 1 | (11) | 209 |
| | <u>(400)</u> | <u>527</u> | <u>127</u> | <u>542</u> |

SECTION 9

1995-96

PUBLIC ACCOUNTS OF CANADA

Loans, Investments and Advances

CONTENTS

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| Enterprise Crown corporations | 9.5 |
| Summary financial statements of enterprise Crown corporations | 9.14 |
| Borrowings by agent enterprise Crown corporations | 9.20 |
| Borrowings by enterprise Crown corporations | 9.21 |
| Maturity and currency of borrowings by enterprise Crown corporations | 9.21 |
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| Financial assistance under budgetary appropriations to enterprise Crown corporations | 9.23 |
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LOANS, INVESTMENTS AND ADVANCES

Loans, investments and advances is a category of financial claims represented by debt instruments and ownership interests held by the Government of Canada, acquired through the use of parliamentary appropriations. Some of these appropriations permit repayments to be used for further loans and advances. Many appropriations are non-lapsing, that is, unexpended balances may be carried forward from year to year. Details of the use of non-budgetary appropriations, for loans, investments and advances, can be found in the ministerial sections of Volume II (Part I).

Loans, investments and advances are recorded at cost and are subject to annual valuation to reflect reductions from the recorded value to the estimated realizable value. Foreign currency transactions are translated and recorded in Canadian dollar equivalents at the exchange rates prevailing at the transaction dates. Loans, investments and advances resulting from foreign currency transactions are, in turn, reported at year-end closing rates of exchange; net gains are credited to revenues, while net losses are charged to expenditures of the Department of Finance.

The allowance established to reflect reductions from the recorded value to the estimated realizable value of financial claims held by the Government has been authorized by the Minister of Finance and the President of the Treasury Board, under section 63(2) of the *Financial Administration Act*.

Revenues received during the year on loans, investments and advances, are credited to return on investments; details are provided in Section 3 of this volume and in Section 12 of Volume II (Part II).

Table 9.1 presents the transactions and year-end balances of loans, investments and advances by category. Chart 9A presents the total loans, investments and advances by category for the current fiscal year, while Chart 9B compares the total loans, investments and advances for the last ten fiscal years.

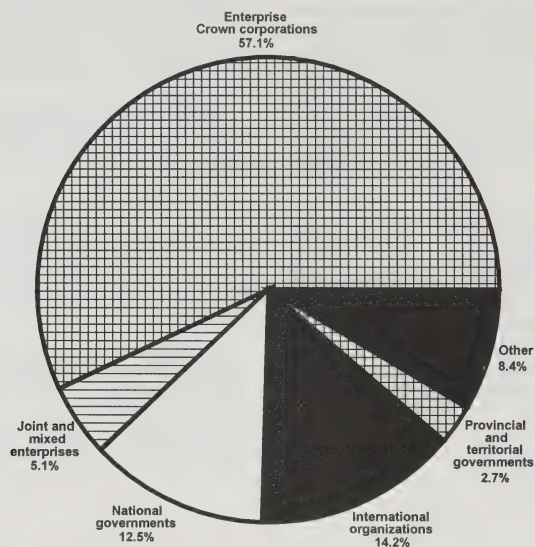
Some tables in this section present the continuity of accounts, by showing the opening and closing balances, as well as payments and other charges and receipts and other credits. A narrative description is provided for accounts reported in some tables. Such description follows the same presentation order as the respective tables.

TABLE 9.1
LOANS, INVESTMENTS AND ADVANCES

| | April 1/1995 | Payments and other charges | Receipts and other credits | March 31/1996 |
|--|----------------|-------------------------------|-------------------------------|----------------|
| | \$ | \$ | \$ | \$ |
| Enterprise Crown corporations, Table 9.2. | 18,217,656,081 | 2,879,818,762 | 6,434,883,706 | 14,662,591,137 |
| Joint and mixed enterprises, Table 9.11 | 4,373,416,574 | | 3,073,959,000 | 1,299,457,574 |
| National governments including developing countries, Table 9.12 | 3,282,066,267 | 270,063,434 | 331,531,169 | 3,220,598,532 |
| International organizations, Table 9.13 | 5,479,846,125 | 555,781,090 | 470,855,174 | 5,564,772,041 |
| Less: notes payables, Table 9.13 | 1,935,345,312 | 404,754,654 | 373,943,460 | 1,904,534,118 |
| | 3,544,500,813 | 960,535,744 | 844,798,634 | 3,660,237,923 |
| Provincial and territorial governments, Table 9.14 | 876,496,760 | 165,403,425 | 332,448,178 | 709,452,007 |
| Other loans, investments and advances, Table 9.15. | 1,710,388,852 | 1,808,615,388 | 1,364,759,395 | 2,154,244,845 |
| | 32,004,525,347 | 6,084,436,753 | 12,382,380,082 | 25,706,582,018 |
| Less: allowance for valuation | 14,900,000,000 | 3,630,000,000 | | 11,270,000,000 |
| Total | 17,104,525,347 | 9,714,436,753 | 12,382,380,082 | 14,436,582,018 |

CHART 9A

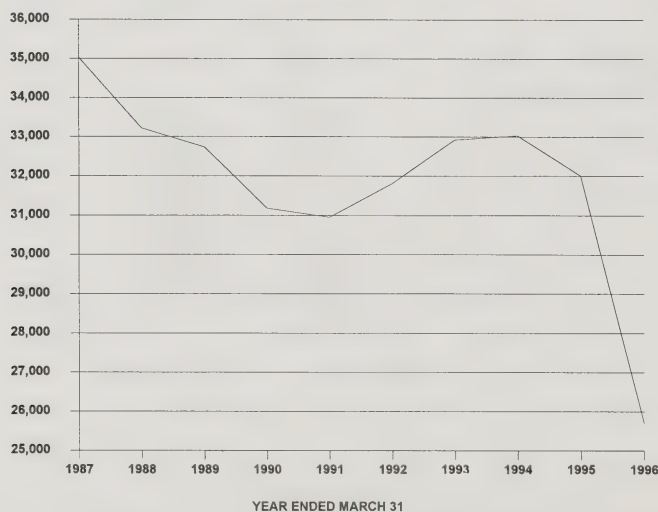
LOANS, INVESTMENTS AND ADVANCES BY CATEGORY FOR 1995-96 ⁽¹⁾



⁽¹⁾ Before the allowance for valuation

CHART 9B

LOANS, INVESTMENTS AND ADVANCES ⁽¹⁾ (in millions of dollars)



⁽¹⁾ Before the allowance for valuation

Enterprise Crown Corporations

Loans and advances to, and investments in, enterprise Crown corporations represent the balance of financial claims held by the Government against corporations for working capital, capital expenditures and other purposes, investment in the capital stock of corporations, and loans and advances to corporations for re-lending.

A Crown corporation means a parent Crown corporation or a wholly-owned subsidiary; a parent Crown corporation is wholly-owned directly by the Crown; a wholly-owned subsidiary is wholly-owned by one or more parent Crown corporations directly or indirectly through any number of subsidiaries each of which is wholly-owned directly or indirectly by one or more parent Crown corporations.

Enterprise Crown corporations are defined as those corporate organizations which are not dependent on parliamentary appropriations and whose principal activity and source of revenue is the sale of goods and services to outside parties. These include selected corporations listed in Part I and all the corporations listed in Part II of Schedule III of the *Financial Administration Act*, the Bank of Canada and the Canadian Wheat Board.

An enterprise Crown corporation is ultimately accountable to Parliament, through a minister of the Crown, for the conduct of its affairs. Most of the enterprise Crown corporations listed in Schedule III to the *Financial Administration Act* are agents of Her Majesty in Right of Canada. This status is granted in one of the following ways:

- (i) designation by Parliament, through a special act of incorporation;
- (ii) statutory authorization; or,
- (iii) proclamation by the *Government Corporations Operation Act*.

Financial statements of parent enterprise Crown corporations can be found in the *President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada*. The financial statements of wholly-owned subsidiaries of enterprise Crown corporations are also included in that report whenever their accounts are not consolidated with those of the parent corporation. These financial statements are appended to those of the related parent enterprise Crown corporation.

Table 9.2 presents a summary of the balances and transactions for the various types of loans, investments and advances which were made to enterprise Crown corporations.

TABLE 9.2

ENTERPRISE CROWN CORPORATIONS

| | April 1/1995 | Payments and other charges | Receipts and other credits | March 31/1996 |
|--|----------------|-------------------------------|-------------------------------|----------------|
| | \$ | \$ | \$ | \$ |
| Business Development Bank of Canada (previously the Federal Business Development Bank)— | | | | |
| Common shares | 303,400,000 | | | 303,400,000 |
| Preferred shares | | 50,000,000 | | 50,000,000 |
| | 303,400,000 | 50,000,000 | | 353,400,000 |
| Canada Deposit Insurance Corporation | 2,160,000,000 | 400,000,000 | 933,000,000 | 1,627,000,000 |
| Canada Mortgage and Housing Corporation— | | | | |
| Capital stock | 25,000,000 | | | 25,000,000 |
| Housing | 4,790,036,920 | | 387,364,492 | 4,402,672,428 |
| Real estate | 289,440,564 | | 21,061,844 | 268,378,720 |
| Joint projects | 1,622,946,892 | | 110,398,045 | 1,512,548,847 |
| Urban renewal scheme | 1,409,758 | | 588,845 | 820,913 |
| Student housing projects | 319,136,287 | | 6,507,854 | 312,628,433 |
| Sewage treatment projects | 759,860,302 | | 41,661,669 | 718,198,633 |
| Ownership assistance | 51,998,731 | | 3,833,941 | 48,164,790 |
| | 7,859,829,454 | | 571,416,690 | 7,288,412,764 |
| Canadian National Railway System— | | | | |
| Capital stock | 2,278,866,774 | 999,785,340 | 3,278,652,114 | |
| Consolidated loan | 80,679,807 | | 80,679,807 | |
| | 2,359,546,581 | 999,785,340 | 3,359,331,921 | |
| Export Development Corporation | 851,200,000 | 132,000,000 | | 983,200,000 |
| Farm Credit Corporation— | | | | |
| Contributed capital | 1,118,333,000 | | | 1,118,333,000 |
| Notes | 2,513,946,988 | 839,993,700 | 1,053,308,331 | 2,300,632,357 |
| Farm syndicates loan fund | 9,673,352 | | 280,495 | 9,392,857 |
| | 3,641,953,340 | 839,993,700 | 1,053,588,826 | 3,428,358,214 |
| Other— | | | | |
| Atomic Energy of Canada Limited— | | | | |
| Capital stock | 15,000,000 | | | 15,000,000 |
| Contributed capital | 149,159,473 | | | 149,159,473 |
| Housing | 888,380 | | 288,043 | 600,337 |
| Heavy water inventory | 13,500,000 | | 1,000,000 | 12,500,000 |
| | 178,547,853 | | 1,288,043 | 177,259,810 |
| Less: consolidation adjustment ⁽¹⁾ | | | 177,259,810 | 177,259,810 |
| | 178,547,853 | | 178,547,853 | |
| Bank of Canada | 5,920,000 | | | 5,920,000 |
| Canada Development Investment Corporation | 395,658,315 | | | 395,658,315 |
| Canada Hibernia Holding Corporation— | | | | |
| Contributed surplus | 208,362,196 | 104,187,722 | | 312,549,918 |
| Canada Ports Corporation— | | | | |
| Loans | 512,745 | | 72,698 | 440,047 |
| Interport Loan Fund | 50,000,000 | | | 50,000,000 |
| | 50,512,745 | | 72,698 | 50,440,047 |
| Canada Post Corporation | 80,000,000 | | | 80,000,000 |
| Canadian Dairy Commission | 31,740,000 | 319,752,000 | 312,992,000 | 38,500,000 |
| Cape Breton Development Corporation | 5,000,000 | 10,000,000 | | 15,000,000 |
| Freshwater Fish Marketing Corporation | 2,800,000 | 24,100,000 | 21,900,000 | 5,000,000 |
| Montreal Port Corporation | 4,110,802 | | 585,636 | 3,525,166 |
| Prince Rupert Port Corporation | 15,778,732 | | 444,255 | 15,334,477 |
| Royal Canadian Mint— | | | | |
| Capital stock | 40,000,000 | | | 40,000,000 |
| Loans | 2,847,560 | | 2,673,065 | 174,495 |
| | 42,847,560 | | 2,673,065 | 40,174,495 |
| Saint John Port Corporation | 18,052,457 | | | 18,052,457 |
| Vancouver Port Corporation | 2,396,046 | | 330,762 | 2,065,284 |
| | 1,041,726,706 | 458,039,722 | 517,546,269 | 982,220,159 |
| Total | 18,217,656,081 | 2,879,818,762 | 6,434,883,706 | 14,662,591,137 |

⁽¹⁾ Atomic Energy of Canada Limited is a Crown corporation that was consolidated in 1995-96. Details are provided in Section 4 of this volume.

Business Development Bank of Canada (previously the Federal Business Development Bank)

The Corporation was established by the *Business Development Bank of Canada Act*, to promote and assist in the establishment and development of business enterprises in Canada, by providing financial assistance, management counselling, management training, information and advice, and such other services as are ancillary or incidental to any of the foregoing.

The Corporation is an agent of Her Majesty, reports through the Minister of Industry, and is listed in Part I of Schedule III of the *Financial Administration Act*.

Common shares

On July 13, 1995, the Government's contribution to the paid-in capital of the Corporation in the amount of \$590 million (of which \$286.6 million was charged to expenditures) was converted into 5,900,000 common shares of the Corporation. Effective March 31, 1996, 2,866,000 common shares were cancelled resulting in a corresponding reduction of \$286.6 million in the paid-in capital.

Preferred shares

During the year, the Government purchased \$50 million of preferred shares of the Corporation pursuant to section 23 of the *Business Development Bank of Canada Act*.

Canada Deposit Insurance Corporation

The Corporation was established by the *Canada Deposit Insurance Corporation Act*, to provide insurance, up to \$60,000 per depositor per institution, on deposits with federal member institutions and approved provincial institutions.

The Corporation is an agent of Her Majesty, reports through the Minister of Finance, and is listed in Part I of Schedule III of the *Financial Administration Act*.

Section 42 of the *Canada Deposit Insurance Corporation Act* provides that the Minister of Finance, with the approval of the Governor in Council, may advance to the Corporation amounts by way of loans on such terms and conditions as the Governor in Council may determine. The aggregate of such loans authorized to be outstanding at any time is \$6,000,000,000.

The loans bear interest at rates from 5.87 percent to 7.33 percent per annum, and are repayable between July 23, 1996 and July 17, 1998.

During the year, the Corporation paid interest of \$123.2 million to the Government.

Canada Mortgage and Housing Corporation

The Corporation was established by the *Canada Mortgage and Housing Corporation Act*, to promote the construction of new houses, the repair and modernization of existing houses, the improvement of housing and living conditions in Canada, and to promote the development of communities through the provision of infrastructure facilities.

The Corporation is an agent of Her Majesty, reports through the Minister of Public Works and Government Services, and is listed in Part I of Schedule III of the *Financial Administration Act*.

During the year, the Corporation paid interest of \$680.1 million to the Government.

Capital stock

The Government's investment in the capital of the Corporation is authorized by section 16 of the *Canada Mortgage and Housing Corporation Act*.

Housing

Advances have been made to enable the Corporation to lend money under the following sections of the *National Housing Act*:

- (a) Section 24(1)—for rental housing projects on the security of a first mortgage and to sell or purchase loans made on rental housing projects;
- (b) Section 26(1)—to any person to assist in
 - (i) the construction, purchase or improvement of a low-rental housing project;
 - (ii) the purchase of existing buildings and the land upon which they are situated and their conversion into a low-rental housing project; or,
 - (iii) the conversion of existing buildings into a low-rental housing project;
- (c) Section 27.5—to municipalities for selected neighbourhoods for the purpose of improving premises within the neighbourhood in respect of which the contribution is made;
- (d) Section 51(1)—
 - (i) to the owner of a family housing unit or of housing accommodation of the hostel or dormitory type for the purpose of assisting in the repair, rehabilitation or improvement thereof;
 - (ii) to an occupier of a family housing unit for the purpose of assisting in the repair, rehabilitation or improvement thereof; or,

- (iii) to a non profit corporation for the purpose of assisting in the conversion of an existing residential building owned by the corporation, to a building containing a different number of family housing units, housing accommodation of the hostel or dormitory type or a different number of hostel or dormitory beds;
- (e) Section 61(1)—to cooperatives for the purpose of assisting in the construction, acquisition or improvement of a housing project;
- (f) Section 76(1)—to any person that wishes to undertake a project
 - (i) for individuals or families of low income; or,
 - (ii) to meet the needs of individuals resulting from age, infirmity or other disability;
- (g) Section 80(1)—to provinces, municipalities or public housing agencies to assist in the acquisition and the servicing of land for housing purposes;
- (h) Section 81(1)—to a province, municipality or public housing agency for the construction or acquisition of a public housing project;
- (i) Section 97(1)—to persons to whom a loan is not being made available pursuant to Part I of section 24, the Corporation may make such a loan subject to the same terms, conditions and limitations that exist under Part I of section 24; and,
- (j) Section 98—to Indians to assist in the purchase, improvement or construction of housing projects on Indian reserves.

The advances bear interest at rates from 3.5 percent to 16.0962 percent per annum, and are repayable over 1 to 50 years, with final instalments between June 30, 1996 and September 30, 2037.

Real estate

Section 92(1) of the *National Housing Act* authorizes advances to: (a) acquire land or housing projects by way of purchase, lease or otherwise; (b) install services in and effect improvements to or in respect of land acquired, and develop and lay out such land for housing purposes; (c) construct, convert or improve housing projects; and, (d) acquire building materials and equipment and other personal property for use in connection with housing projects.

The advances bear interest at rates from 2 percent to 15 percent per annum, and are repayable over 50 years, with the final instalment on December 30, 2037.

Joint projects

Section 79(1) of the *National Housing Act* authorizes advances to undertake projects jointly with the government of any province or any agency thereof, for (a) the acquisition and development of land for housing purposes or for any purpose incidental thereof; (b) the construction of housing projects or housing accommodation of the hostel or dormitory

type for sale or for rent; and, (c) the acquisition, improvement and conversion of existing buildings for a housing project or for housing accommodation of the hostel or dormitory type.

The advances bear interest at rates from 3 percent to 17.9 percent per annum, and are repayable over 1 to 50 years, with final instalments between June 30, 1996 and December 30, 2039.

Urban renewal scheme

Advances have been made to enable the Corporation to lend money under section 25(1) of the *National Housing Act*, to a province or municipality, to assist in the implementation of an urban renewal scheme.

The advances bear interest at rates from 5.81 percent to 7.195 percent per annum, and are repayable over 15 to 50 years, with final instalments between June 30, 1996 and December 31, 1999.

Student housing projects

Advances have been made to enable the Corporation to lend money under section 88(1) of the *National Housing Act*, to a province or an agency thereof, a municipality or an agency thereof, or a hospital, school board, university, college, cooperative association or charitable corporation, to assist in (a) the construction, acquisition or improvement of a student housing project; (b) the acquisition of existing buildings and their conversion into a student housing project; or, (c) the conversion of existing buildings into a student housing project.

The advances bear interest at rates from 5 percent to 10.054 percent per annum, and are repayable over 20 to 50 years, with final instalments between June 30, 1996 and September 30, 2030.

Sewage treatment projects

Advances have been made to enable the Corporation to lend money under section 53 of the *National Housing Act*, to any province, municipality or municipal sewage corporation, to assist in the establishment or expansion of a sewage treatment project, and in the construction of a trunk storm sewer system.

The advances bear interest at rates from 5 percent to 10.376 percent per annum, and are repayable over 20 to 50 years, with final instalments between June 30, 1996 and December 31, 2023.

Ownership assistance

Advances have been made to enable the Corporation to lend money under sections 57(1) and 58(1) of the *National Housing Act*, to assist in (a) the construction of a house or a condominium unit by a person who owns the house or condominium unit and intends to occupy the house, one of the family housing units thereof or the condominium unit, or by a builder who intends to sell the house or condominium unit to a person who will own and occupy the house, one of the family housing units thereof or the condominium unit; or, (b) the acquisition of a house or condominium unit by a prospective qualified owner.

The advances bear interest at rates from 8.125 percent to 9.3889 percent per annum, and are repayable over 18 to 20 years, with final instalments between June 30, 1996 and December 31, 2008.

Canadian National Railway System

The Corporation was established by the *Canadian National Railways Act*, to provide, operate and manage a national system of railways.

The *CN Commercialization Act*, assented to July 13, 1995, provided for the privatization of the Canadian National Railway Company (CN). The privatization of CN was finalized in 1995-96.

Capital stock

The Government's investment in the capital of the Corporation was recorded in this account.

In 1995-96, the Government acquired 1 additional common share of CN for \$900 million. The Government subsequently sold its total investment in CN. The proceeds generated from the disposal of CN amounted to \$2,079 million of which \$1,219 million was received by March 31, 1996 and \$860 million will be received on or before November 26, 1996. Also, further to a subscription and indemnity agreement between the Government and CN, 3,800,000 shares of CN were simultaneously purchased and sold by the Government for \$99 million. An amount of \$58 million was received by March 31, 1996 and \$41 million will be received on or before November 26, 1996. The balance of the account in the amount of \$1,101 million was transferred to expenditures pursuant to the *CN Commercialization Act*.

Consolidated loan

During the year, the Corporation paid interest of \$7.3 million to the Government and the loan was repaid in full.

Export Development Corporation

The Corporation was established by the *Export Development Act*, to facilitate and develop export trade by the provision of loans, insurance, guarantees and other financial facilities.

The Corporation is an agent of Her Majesty, reports through the Minister for International Trade, and is listed in Part I of Schedule III of the *Financial Administration Act*.

The Government's investment in the capital of the Corporation, as authorized by section 11(1) of the *Export Development Act*, shall not exceed, at any time, \$1,500,000,000.

Farm Credit Corporation

The Corporation was established by the *Farm Credit Corporation Act*, to assist Canadian farmers to establish and develop sound farm enterprises through the use of long-term credit.

The Corporation is an agent of Her Majesty, reports through the Minister of Agriculture and Agri-Food, and is listed in Part I of Schedule III of the *Financial Administration Act*.

Contributed capital

The Government's contribution to the capital of the Corporation is authorized by section 11(1) of the *Farm Credit Corporation Act*.

Notes

Promissory notes are issued to the Minister of Finance in respect of loans made pursuant to section 12 of the Act, to provide the Corporation with funds for making loans to farmers. The total amount of such loans outstanding at any time may not exceed twelve times the capital of the Corporation.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) repayable over 20 years, bearing interest at rates from 7.5 percent to 10.145 percent per annum, with final instalments between July 1, 1996 and November 30, 1998, \$80,391,045;
- (b) repayable over 10 to 19 years, bearing interest at rates from 7.95 percent to 10.145 percent per annum, with final instalments between January 1, 1997 and December 1, 2009, \$583,093,559;
- (c) repayable over 2 to 9 years, bearing interest at rates from 6.29 percent to 10.206 percent per annum, with the final instalment on April 4, 2003, \$1,442,147,753; and,
- (d) repayable in under 2 years, bearing interest at rates from 5.52 percent to 6.65 percent per annum, \$195,000,000.

During the year, the Corporation paid interest of \$207.8 million to the Government.

Farm syndicates loan fund

Advances have been made by the Minister of Finance, pursuant to section 8 of the *Farm Syndicates Credit Act*, to enable the Corporation to make loans. Section 3(1) of the Act allowed the Corporation to make loans to a farm syndicate for:

- (a) the purchase of farm machinery;
- (b) the purchase, erection or improvement of buildings; or,
- (c) the purchase or improvement of land on which buildings were or were to be erected for use primarily by the syndicate or its members, in their farming operations.

The *Farm Syndicates Credit Act* was repealed in 1993-94. This account will remain open for repayments.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) repayable over 10 to 19 years, bearing interest at the rate of 9.555 percent per annum, with the final instalment on February 26, 2001, \$335,165; and,
- (b) repayable over 2 to 9 years, bearing interest at rates from 6.95 percent to 9.68 percent per annum, with final instalments between September 27, 1997 and March 1, 1999, \$9,057,692.

During the year, the Corporation paid interest of \$0.7 million to the Government.

Atomic Energy of Canada Limited

The Corporation was incorporated pursuant to the *Canada Corporations Act*, and continued under the *Canada Business Corporations Act*, to develop the utilization of atomic energy for peaceful purposes.

The Corporation is an agent of Her Majesty, reports through the Minister of Natural Resources, and is listed in Part I of Schedule III of the *Financial Administration Act*.

During the year, the Corporation paid interest of \$1 million to the Government.

Capital stock

The Government's investment in the capital of the Corporation is recorded in this account.

Contributed capital

The Government's contribution to the capital of the Corporation is recorded in this account.

Housing

Loans have been made to finance the construction of housing near the Whiteshell Nuclear Research Establishment.

The loans bear interest at rates from 5.875 percent to 8.5 percent per annum, and are repayable in equal monthly instalments over 30 years, with final instalments between February 28, 1997 and June 30, 2003.

Heavy water inventory

Loans have been made to finance the production and purchase of heavy water for lease or resale to Canadian and foreign users.

The loans bear interest at the rate established every May 1 and November 1 by the Minister of Finance, in respect of borrowings having a six month term by Crown corporations. The loans are repayable in equal semi-annual instalments over 20 years, with the final instalment on May 1, 2008.

Bank of Canada

The Bank of Canada was established by the *Bank of Canada Act*, to regulate credit and currency, in the best interests of the economic life of the nation, to control and protect the external value of the national monetary unit, and to mitigate, by its influence, fluctuations in the general levels of production, trade, prices and employment so far as may be possible within the scope of monetary action, and generally to promote the economic and financial welfare of Canada.

The Bank is not an agent of Her Majesty and reports through the Minister of Finance.

The Government's investment in the capital of the Bank is authorized by section 17 of the *Bank of Canada Act*. An amount of \$5,000,000 represents the par value of 100,000 shares, and the remaining balance of \$920,000 represents premiums paid in respect of the acquisition, in 1938, of shares held by the public.

During the year, the Bank remitted profit of \$1,841.2 million to the Government.

Canada Development Investment Corporation

The Corporation was incorporated pursuant to the *Canada Business Corporations Act*, to:

- (a) assist in the creation or development of businesses, resources, properties and industries of Canada;
- (b) expand, widen and develop opportunities for Canadians to participate in the economic development of Canada through the application of their skills and capital in any activities carried on by the Corporation;
- (c) invest in the shares or securities of any corporation owning property or carrying on business related to the economic interests of Canada;
- (d) invest in ventures or enterprises, including the acquisition of property, likely to benefit Canada; and,
- (e) carry out all activities in the best interests of Canada, operating in a commercial manner.

The Corporation is an agent of Her Majesty, reports through the Minister of Finance, and is listed in Part II of Schedule III of the *Financial Administration Act*.

The Government's investment in the capital of the Corporation is recorded in this account. The balance in the account represents the value of 101 common shares of the Corporation without nominal or par value.

During the year, the Corporation paid dividends of \$10 million to the Government.

Canada Hibernia Holding Corporation—Contributed surplus

The Corporation was incorporated pursuant to the *Canada Business Corporations Act*. It is a wholly-owned subsidiary of the Canada Development Investment Corporation.

In accordance with the *Hibernia Development Project Act*, the Government, through the Canada Hibernia Holding Corporation, acquired at no cost an 8.5 percent interest in the Hibernia Development Project. The sole purpose of the Canada Hibernia Holding Corporation is to hold, manage, fund and ultimately dispose of the 8.5 percent interest in the Project. To honor its obligations to fund the Project, the Corporation receives financial assistance from the Government. Such financial assistance is treated as contributed surplus.

During the year, payments totalling \$104,187,722 were made to the Canada Hibernia Development Corporation as authorized by Finance Votes L30 and L30a, *Appropriation Acts No. 1, No. 2 and No. 3, 1995-96*.

Canada Ports Corporation

The Corporation was established by the *Canada Ports Corporation Act*, to administer, manage and control Canadian harbours, and any other harbour, work or property of Canada transferred by the Governor in Council.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the *Financial Administration Act*.

Loans

Under the authority of the *Canada Ports Corporation Act*, loans are made to finance capital expenditures of various harbours under the jurisdiction of the Canada Ports Corporation.

The remaining loan to Belledune bears interest at a rate of 6.44 percent per annum, and is repayable in equal annual instalments over 20 years, with the final instalment on December 31, 2000.

The Corporation paid interest of \$33,021 and dividends of \$316,239 to the Government in 1995-96.

Interport Loan Fund

This Fund was established to provide financing for financially viable capital projects of the Corporation and of the seven local port corporations.

The aggregate amount of loans authorized to be outstanding, at any time, is not to exceed \$50,000,000.

The Corporation will make annual repayments equal to 90 percent of the net income related to each of the loans advanced to the Interport Loan Fund.

The Corporation transferred \$5.3 million of profit to the Government in 1995-96.

Canada Post Corporation

The Corporation was established by the *Canada Post Corporation Act*, to operate a postal service on a self-sustaining basis while providing a standard of service that will meet the needs of the people of Canada.

The Corporation is an agent of Her Majesty, reports through the Minister of Public Works and Government Services, and is listed in Part II of Schedule III of the *Financial Administration Act*.

A loan has been made to the Corporation pursuant to section 29 of the *Canada Post Corporation Act*, to finance capital expenditures. The aggregate amount of loans to be outstanding at any time shall not exceed \$500,000,000.

The loan bears interest at the rate of 9.705 percent per annum, and is repayable on April 27, 1998.

The Corporation paid interest of \$7.8 million to the Government in 1995-96.

Canadian Dairy Commission

The Corporation was established by the *Canadian Dairy Commission Act*, to provide, to efficient producers of milk and cream, the opportunity of obtaining a fair return for their labour and investment, and to provide, to consumers of dairy products, a continuous and adequate supply of high quality dairy products.

The Corporation is an agent of Her Majesty, reports through the Minister of Agriculture and Agri-Food, and is listed in Part I of Schedule III of the *Financial Administration Act*.

Loans have been made to the Corporation, to finance its dealings in dairy products. The total amount authorized to be outstanding at any time is \$300,000,000.

The loans bear interest at rates from 5.0633 percent to 8.4794 percent per annum, and are repayable within 1 year.

The Corporation paid interest of \$3 million to the Government in 1995-96.

Cape Breton Development Corporation

The Corporation was established by the *Cape Breton Development Corporation Act*, to stimulate economic adjustment and expansion on Cape Breton Island, while rationalizing the coal industry.

The Corporation is an agent of Her Majesty, reports through the Minister of Natural Resources, and is listed in Part I of Schedule III of the *Financial Administration Act*.

Advances have been made for the purpose of providing working capital for the coal division of the Corporation. The total amount authorized to be outstanding at any time is \$50,000,000.

The working capital advances bear interest at the rate in effect, as determined by the Minister of Finance.

The Corporation paid interest of \$304,731 to the Government in 1995-96.

Freshwater Fish Marketing Corporation

The Corporation was established by the *Freshwater Fish Marketing Act*, to regulate interprovincial and export trade in freshwater fish, and to market and trade in fish.

The Corporation is an agent of Her Majesty, reports through the Minister of Fisheries and Oceans, and is listed in Part I of Schedule III of the *Financial Administration Act*.

Loans have been made to the Corporation, pursuant to section 16 of the *Freshwater Fish Marketing Act*, to enable it to carry on its operations.

The aggregate amount of loans authorized to be outstanding at any time, borrowed from all lenders, is \$30,000,000.

The loan bears interest at the rate of 5.9411 percent per annum, and is repayable no later than April 12, 1996.

During the year, the Corporation paid interest of \$122,924 to the Government.

Montreal Port Corporation

The Corporation was established by the *Canada Ports Corporation Act*, to administer, manage and control the Port of Montreal.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the *Financial Administration Act*.

Loans have been made to finance capital expenditures related to the Port of Montreal.

The remaining loan bears interest at the rate of 6.25 percent per annum, and is repayable in equal annual instalments over 20 years, with the final instalment on December 31, 2000.

During the year, the Corporation paid interest of \$256,925 and dividends of \$2.4 million to the Government.

Prince Rupert Port Corporation

The Corporation was established by the *Canada Ports Corporation Act*, to administer, manage and control the Port of Prince Rupert.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the *Financial Administration Act*.

Loans have been made to finance capital expenditures related to the Port of Prince Rupert.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) bearing interest at rates of 9.80 percent to 9.86 percent per annum, repayable in equal annual instalments over 20 years, with the final instalment on December 31, 2009, \$3,884,456; and,

- (b) bearing interest at the rate of 10.4 percent per annum, repayable in equal annual instalments over 20 years, with the final instalment on December 31, 2010, \$11,450,021.

During the year, the Corporation paid interest of \$1.6 million and dividends of \$15,662 to the Government.

Royal Canadian Mint

The Corporation was established by the *Royal Canadian Mint Act*, to:

- (a) produce and arrange for the production and supply of coins of the currency of Canada;
- (b) produce coins of the currency of other countries;
- (c) melt, assay, refine, buy and sell gold, silver and other metals for the account of Canada; and,
- (d) make medals, plaques and other things as are incidental to the powers of the Mint.

The Corporation is an agent of Her Majesty, reports through the Minister of Public Works and Government Services, and is listed in Part II of Schedule III of the *Financial Administration Act*.

Capital stock

Section 3.1(1) of the *Royal Canadian Mint Act* states that the authorized capital of the Mint is \$40,000,000, divided into four thousand shares of ten thousand dollars each. All authorized capital is issued.

Loans

Section 17(1) of the Act states that the Mint may borrow money from the Consolidated Revenue Fund or any other source but the aggregate of the amounts loaned to the Mint and outstanding at any time shall not exceed \$50,000,000.

Section 17(3) of the Act states that the Mint shall not borrow money without the approval of the Minister of Finance with respect to the time and the terms and conditions of the transaction.

The loans bear interest at annual rates of 8.75 percent and 9.50 percent and are repayable annually, with final instalments between April 1, 1997 and June 1, 1998.

During the year, the Corporation paid interest of \$16,166 to the Government.

Saint John Port Corporation

The Corporation was established by the *Canada Ports Corporation Act*, to administer, manage and control the Port of Saint John.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the *Financial Administration Act*.

Loans have been made to finance capital expenditures related to the Port of Saint John.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) bearing interest at rates from 11 percent to 11.875 percent per annum, repayable at maturity on December 31, 1998 and December 31, 1999, \$8,817,600;
- (b) bearing interest at the rate of 12.43 percent per annum, repayable at maturity on December 31, 2000, \$6,665,062; and,
- (c) bearing interest at the rate of 11.625 percent per annum, repayable at maturity on December 31, 2005, \$2,569,795.

During the year, the Corporation paid interest of \$2.1 million to the Government.

Vancouver Port Corporation

The Corporation was established by the *Canada Ports Corporation Act*, to administer, manage and control the Port of Vancouver.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the *Financial Administration Act*.

Loans have been made to finance capital expenditures related to the Port of Vancouver.

The remaining loan bears interest at the rate of 7.5 percent per annum, and is repayable in equal annual instalments over 20 years, with the final instalment on December 31, 2000.

During the year, the Corporation paid interest of \$179,703 and dividends of \$3.3 million to the Government.

Summary Financial Statements of Enterprise Crown Corporations

The following tables display details of the assets, liabilities, revenues and expenses of enterprise Crown corporations.

Tables 9.3 to 9.5 present the assets, liabilities, revenues, expenses and changes to the equity of enterprise Crown corporations grouped in five segments. The segment of competitive, self-sustaining corporations consists of those corporations named in Part II of Schedule III of the *Financial Administration Act*.

For those corporations having other year ends, the data are based on unaudited interim financial statements which have been prepared on a basis consistent with the most recent audited financial statements.

The tables summarize the financial transactions and results of operations of each enterprise Crown corporation in accordance with its own respective accounting policies. Most Crown corporations follow the generally accepted accounting principles used by private sector companies, as outlined in the *Handbook of the Canadian Institute of Chartered Accountants*.

Financial assets include cash, receivables, loans and investments. Physical assets and deferred charges represent the unexpensed portion of non-financial assets such as buildings, machinery and equipment in use or under construction, inventories and other items of expenditure which will be expensed as these assets are used. Financial assets and liabilities in respect of the Government and Crown corporations represent the unpaid balances arising from financing transactions and normal operating activities. Borrowings from outside parties represent amounts repayable to financial institutions and other investors. Other liabilities are amounts due in respect of purchases, employee termination and pension benefits, accrued interest on borrowings, long-term capital leases and sundry accounts payable.

Revenues include financial assistance received or receivable from the Government in respect of the current year's operations. Expenses are segregated between third parties, and Government and Crown corporations. Revenues and expenses are used to determine the net income or loss of the corporation. Adjustments include prior period adjustments and other miscellaneous

items as recorded by the corporations. Equity transactions with the Government include dividends declared or transfers of profits to the Government as well as equity contributions provided by the Government.

These tables present consolidated financial information on parent enterprise Crown corporations and financial information on unconsolidated wholly-owned subsidiaries. The *President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada* includes a complete list of all parent Crown corporations, wholly-owned subsidiaries, other subsidiaries and associates.

Enterprise Crown corporations are also categorized as being either agents or non-agents of the Crown. Agency status may be expressly stated in the incorporating legislation or conferred under the provisions of the *Government Corporations Operation Act*. In accordance with section 54 of the *Financial Administration Act*, the payment of all money borrowed by agent Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings therefore constitute obligations of the Government and are recorded as such in the summary financial statements of Canada net of borrowings expected to be repaid directly by these corporations. The gross amounts of such borrowings are included under "Liabilities, Outside Parties". A summary of such borrowings and the changes during the year ended March 31, 1996 is presented in Table 9.6.

A summary of borrowing transactions by non-agent enterprise Crown corporations is presented in Table 9.7. The maturity and currency of enterprise Crown corporations' borrowings is presented in Table 9.8. Contingent liabilities of enterprise Crown corporations are presented in Table 9.9.

A summary of financial assistance under Government budgetary appropriations to enterprise Crown corporations for the year ended March 31, 1996 is provided in Table 9.10. Differences in figures reported in Table 9.5 and those reported in Table 9.10 result from the use of different accounting policies and from items in transit.

TABLE 9.3

SUMMARY COMBINED FINANCIAL STATEMENTS OF ENTERPRISE CROWN CORPORATIONS BY SEGMENT
(in thousands of dollars)

| | Competitive, self-sustaining | Bank of Canada | Lending and insurance | Marketing | Other | Total |
|---|---------------------------------|-------------------|--------------------------|-----------|-----------|-------------|
| ASSETS AND LIABILITIES | | | | | | |
| AS AT MARCH 31, 1996 | | | | | | |
| Assets | | | | | | |
| Financial | | | | | | |
| Outside parties | 1,226,866 | 2,527,456 | 31,959,387 | 7,244,329 | 92,917 | 43,050,955 |
| Government and Crown corporations | 758,593 | 24,521,370 | 2,114,175 | 45,631 | 49,515 | 27,489,284 |
| Total financial assets | 1,985,459 | 27,048,826 | 34,073,562 | 7,289,960 | 142,432 | 70,540,239 |
| Physical assets and deferred charges | 3,299,657 | 224,021 | 557,489 | 1,209,396 | 741,981 | 6,032,544 |
| Total assets | 5,285,116 | 27,272,847 | 34,631,051 | 8,499,356 | 884,413 | 76,572,783 |
| Liabilities | | | | | | |
| Outside parties | | | | | | |
| Borrowings | 776,289 | | 18,206,873 | 6,387,015 | 3,355 | 25,373,532 |
| Bank of Canada notes in circulation and amounts owing to depositors | | 25,513,873 | | | | 25,513,873 |
| Other liabilities | 1,401,621 | 1,460,944 | 4,191,410 | 1,980,313 | 211,947 | 9,246,235 |
| Government and Crown corporations | 505,401 | 268,030 | 11,343,451 | 115,404 | 24,137 | 12,256,423 |
| Total liabilities | 2,683,311 | 27,242,847 | 33,741,734 | 8,482,732 | 239,439 | 72,390,063 |
| Equity of Canada | 2,601,805 | 30,000 | 889,317 | 16,624 | 644,974 | 4,182,720 |
| Total liabilities and equity | 5,285,116 | 27,272,847 | 34,631,051 | 8,499,356 | 884,413 | 76,572,783 |
| Contingent liabilities | 52,662 | | 411,567 | | 80,050 | 544,279 |
| REVENUES, EXPENSES AND OTHER CHANGES IN EQUITY | | | | | | |
| FOR THE YEAR ENDED MARCH 31, 1996 | | | | | | |
| Revenues | | | | | | |
| Outside parties | 5,275,820 | | 3,665,830 | 5,978,171 | 356,525 | 15,276,346 |
| Government and Crown corporations | | | 14,078 | 11,823 | 46 | 25,947 |
| Other | 385,714 | 1,841,163 | 263,702 | 203 | 4,973 | 2,495,755 |
| Total revenues | 5,661,534 | 1,841,163 | 3,943,610 | 5,990,197 | 361,544 | 17,798,048 |
| Expenses | | | | | | |
| Outside parties | 5,269,016 | | 2,397,296 | 5,986,411 | 547,105 | 14,199,828 |
| Government and Crown corporations | 327,602 | | 891,151 | 5,438 | 20,907 | 1,245,098 |
| Total expenses | 5,596,618 | | 3,288,447 | 5,991,849 | 568,012 | 15,444,926 |
| Net income/loss(-) for the year | 64,916 | 1,841,163 | 655,163 | (1,652) | (206,468) | 2,353,122 |
| Equity of Canada, beginning of the year | 5,452,814 | 30,000 | 30,281 | 18,575 | 847,056 | 6,378,726 |
| Adjustments | (3,254,412) | | 21,873 | (299) | | (3,232,838) |
| Equity transactions with the Government— | | | | | | |
| Dividends | (16,237) | (1,841,163) | | | | (1,857,400) |
| Capital | 354,724 | | 182,000 | | 4,386 | 541,110 |
| Equity of Canada, end of the year | 2,601,805 | 30,000 | 889,317 | 16,624 | 644,974 | 4,182,720 |

Notes to Table 9.4 are an integral part of this table.

TABLE 9.4

FINANCIAL POSITION OF ENTERPRISE CROWN CORPORATIONS —ASSETS AND LIABILITIES
AS AT MARCH 31, 1996
(in thousands of dollars)

| | Assets | | | |
|--|-------------------|-----------------------------------|--------------------------------------|-------------------|
| | Financial | Government and Crown corporations | Physical assets and deferred charges | Total assets |
| Enterprise Crown corporations ⁽¹⁾ | Outside parties | | | |
| Competitive, self-sustaining | | | | |
| Atomic Energy of Canada Limited ⁽²⁾ | | | | |
| Canada Development Investment Corporation | 50,691 | 83,560 | 10 | 134,261 |
| Theratronics International Limited | 7,111 | | 15,592 | 22,703 |
| Canada Ilibernia Holding Corporation | 316,990 | | | 316,990 |
| Canada Lands Company Limited ⁽³⁾ | 53,045 | | 341,854 | 394,899 |
| Canada Ports Corporation | 6,490 | 145,131 | 106,092 | 257,713 |
| Canada Post Corporation | 451,732 | 111,801 | 1,951,846 | 2,515,379 |
| Canadian National Railway System ⁽⁴⁾ | | | | |
| Halifax Port Corporation | 3,017 | 9,202 | 56,259 | 68,478 |
| Montreal Port Corporation | 9,372 | 72,523 | 159,674 | 241,569 |
| Petro-Canada Limited | 286,778 | 248,655 | | 535,433 |
| Port of Quebec Corporation | 3,683 | 4,948 | 52,326 | 60,957 |
| Prince Rupert Port Corporation | 1,794 | 14,908 | 95,920 | 112,622 |
| Royal Canadian Mint | 13,505 | 1,578 | 71,051 | 86,134 |
| Saint John Port Corporation | 1,191 | 6,411 | 58,841 | 66,443 |
| St John's Port Corporation | 584 | 4,480 | 11,812 | 16,876 |
| Vancouver Port Corporation | 20,883 | 55,396 | 378,380 | 454,659 |
| <i>Total—Competitive, self-sustaining</i> | <i>1,226,866</i> | <i>758,593</i> | <i>3,299,657</i> | <i>5,285,116</i> |
| Bank of Canada | 2,527,456 | 24,521,370 | 224,021 | 27,272,847 |
| Lending and Insurance | | | | |
| Canada Deposit Insurance Corporation | 1,207,122 | 86 | 1,656 | 1,208,864 |
| Canada Mortgage and Housing Corporation | 13,071,001 | 442,365 | 60,499 | 13,573,865 |
| Insurance Programs | 833,726 | 1,132,320 | 307,045 | 2,273,091 |
| Export Development Corporation | 9,129,474 | 459,206 | 11,723 | 9,600,403 |
| Farm Credit Corporation | 4,133,396 | 78,437 | 159,602 | 4,371,435 |
| Business Development Bank of Canada | 3,584,668 | 1,761 | 16,964 | 3,603,393 |
| <i>Total—Lending and insurance</i> | <i>31,959,387</i> | <i>2,114,175</i> | <i>557,489</i> | <i>34,631,051</i> |
| Marketing | | | | |
| Canadian Commercial Corporation | 312,254 | 528 | | 312,782 |
| Canadian Dairy Commission | | | | |
| Marketing operations | 10,994 | 32,342 | 94,221 | 137,557 |
| Canadian Saltfish Corporation ⁽⁵⁾ | | | | |
| Canadian Wheat Board, The | 6,917,306 | 12,761 | 1,099,911 | 8,029,978 |
| Freshwater Fish Marketing Corporation | 3,775 | | 15,264 | 19,039 |
| <i>Total—Marketing</i> | <i>7,244,329</i> | <i>45,631</i> | <i>1,209,396</i> | <i>8,499,356</i> |
| Other | | | | |
| Atlantic Pilotage Authority | 1,142 | | 763 | 1,905 |
| Cape Breton Development Corporation | 33,785 | 86 | 225,631 | 259,502 |
| Great Lakes Pilotage Authority, Ltd | 5,317 | | 69 | 5,386 |
| Laurentian Pilotage Authority | 4,879 | | 3,418 | 8,297 |
| Pacific Pilotage Authority | 4,378 | | 900 | 5,278 |
| St. Lawrence Seaway Authority, The | 42,686 | 49,428 | 509,309 | 601,423 |
| Seaway International Bridge Corporation Ltd, The | 730 | 1 | 1,891 | 2,622 |
| <i>Total—Other</i> | <i>92,917</i> | <i>49,515</i> | <i>741,981</i> | <i>884,413</i> |
| Total—Enterprise | 43,050,955 | 27,489,284 | 6,032,544 | 76,572,783 |

(1) All enterprise Crown corporations listed in this table are parent Crown corporations except the Seaway International Bridge Corporation Ltd, which is an unconsolidated subsidiary.

(2) After a review of its operations, it has been determined that Atomic Energy of Canada Limited meets the criteria of consolidated Crown corporations and is now presented in Section 4 of this volume.

(3) During 1995-96, Canada Lands Company acquired certain real estate assets of the Canadian National Railway Company, and the Company's mandate was changed to improve and sell these assets on a commercially viable basis. The Government of Canada does not anticipate funding this operation. Therefore, the Company is now classified as an enterprise Crown corporation.

(4) Pursuant to the CN Commercialisation Act of July 1995, the Canadian National Railway Company was privatized in November 1995.

(5) Canadian Saltfish Corporation was dissolved as of March 31, 1995.

| Outside parties | | Liabilities | | | |
|-----------------|------------|-----------------------------------|-------------------|------------------|------------------------------|
| Borrowings | Other | Government and Crown corporations | Total liabilities | Equity of Canada | Total liabilities and equity |
| | 8,875 | 17,026 | 25,901 | 108,360 | 134,261 |
| | 15,678 | | 15,678 | 7,025 | 22,703 |
| | 5,992 | 27 | 6,019 | 310,971 | 316,990 |
| 63,526 | 80,329 | 912 | 144,767 | 250,132 | 394,899 |
| | 12,067 | 246,714 | 258,781 | (1,068) | 257,713 |
| 198,994 | 1,157,696 | 132,474 | 1,489,164 | 1,026,215 | 2,515,379 |
| | 2,487 | 163 | 2,650 | 65,828 | 68,478 |
| | 16,856 | 4,358 | 21,214 | 220,355 | 241,569 |
| 489,573 | 43,986 | | 533,559 | 1,874 | 535,433 |
| | 2,535 | 6,701 | 9,236 | 51,721 | 60,957 |
| | 2,132 | 15,334 | 17,466 | 95,156 | 112,622 |
| 4,500 | 20,847 | 395 | 25,742 | 60,392 | 86,134 |
| 19,696 | 3,238 | 18,653 | 41,587 | 24,856 | 66,443 |
| | 586 | 43 | 629 | 16,247 | 16,876 |
| | 28,317 | 62,601 | 90,918 | 363,741 | 454,659 |
| 776,289 | 1,401,621 | 505,401 | 2,683,311 | 2,601,805 | 5,285,116 |
| | 26,974,817 | 268,030 | 27,242,847 | 30,000 | 27,272,847 |
| | 869,611 | 1,640,226 | 2,509,837 | (1,300,973) | 1,208,864 |
| 5,906,037 | 266,630 | 7,362,510 | 13,535,177 | 38,688 | 13,573,865 |
| | 2,215,587 | 15,208 | 2,230,795 | 42,296 | 2,273,091 |
| 7,673,336 | 589,366 | 18,554 | 8,281,256 | 1,319,147 | 9,600,403 |
| 1,582,345 | 63,292 | 2,305,967 | 3,951,604 | 419,831 | 4,371,435 |
| 3,045,155 | 186,924 | 986 | 3,233,065 | 370,328 | 3,603,393 |
| 18,206,873 | 4,191,410 | 11,343,451 | 33,741,734 | 889,317 | 34,631,051 |
| | 294,759 | 1,399 | 296,158 | 16,624 | 312,782 |
| | 98,970 | 38,587 | 137,557 | | 137,557 |
| 6,377,342 | 1,577,218 | 75,418 | 8,029,978 | | 8,029,978 |
| 9,673 | 9,366 | | 19,039 | | 19,039 |
| 6,387,015 | 1,980,313 | 115,404 | 8,482,732 | 16,624 | 8,499,356 |
| | 1,369 | | 1,369 | 536 | 1,905 |
| | 171,947 | 22,544 | 194,491 | 65,011 | 259,502 |
| | 2,697 | | 2,697 | 2,689 | 5,386 |
| 3,347 | 5,288 | | 8,635 | (338) | 8,297 |
| | 3,435 | | 3,435 | 1,843 | 5,278 |
| | 26,198 | | 26,198 | 575,225 | 601,423 |
| 8 | 1,013 | 1,593 | 2,614 | 8 | 2,622 |
| 3,355 | 211,947 | 24,137 | 239,439 | 644,974 | 884,413 |
| 25,373,532 | 34,760,108 | 12,256,423 | 72,390,063 | 4,182,720 | 76,572,783 |

TABLE 9.5

REVENUES, EXPENSES AND OTHER CHANGES IN EQUITY OF ENTERPRISE CROWN CORPORATIONS
FOR THE YEAR ENDED MARCH 31, 1996
(in thousands of dollars)

| | Outside parties | Revenues Government and Crown corporations | | Total |
|--|-------------------|--|------------------|-------------------|
| | | Financial assistance ⁽¹⁾ | Other | |
| Enterprise Crown corporations | | | | |
| Competitive, self-sustaining | | | | |
| Atomic Energy of Canada Limited | | | | |
| Canada Development Investment Corporation | 5,400 | | 386 | 5,786 |
| Theratronics International Limited | 36,619 | | | 36,619 |
| Canada Hibernia Holding Corporation | | | | |
| Canada Lands Company Limited | 78,750 | | | 78,750 |
| Canada Ports Corporation | 56,299 | | 5,594 | 61,893 |
| Canada Post Corporation | 4,661,179 | | 292,300 | 4,953,479 |
| Canadian National Railway System | | | | |
| Halifax Port Corporation | 12,061 | | 615 | 12,676 |
| Montreal Port Corporation | 51,459 | | 10,994 | 62,453 |
| Petro-Canada Limited | 22,535 | | 20,698 | 43,233 |
| Port of Quebec Corporation | 11,698 | | 1,114 | 12,812 |
| Prince Rupert Port Corporation | 12,393 | | 1,019 | 13,412 |
| Royal Canadian Mint | 248,729 | | 48,718 | 297,447 |
| Saint John Port Corporation | 12,383 | | 477 | 12,860 |
| St John's Port Corporation | 2,815 | | 375 | 3,190 |
| Vancouver Port Corporation | 63,500 | | 3,424 | 66,924 |
| <i>Total—Competitive, self-sustaining</i> | <i>5,275,820</i> | | <i>385,714</i> | <i>5,661,534</i> |
| Bank of Canada | | | 1,841,163 | 1,841,163 |
| Lending and insurance | | | | |
| Canada Deposit Insurance Corporation | 586,024 | | 42 | 586,066 |
| Canada Mortgage and Housing Corporation | 981,664 | | 84,105 | 1,065,769 |
| Insurance Programs | 418,022 | | 132,932 | 550,954 |
| Export Development Corporation | 925,354 | | 24,560 | 949,914 |
| Farm Credit Corporation | 378,166 | | 22,063 | 400,229 |
| Business Development Bank of Canada | 376,600 | 14,078 | | 390,678 |
| <i>Total—Lending and insurance</i> | <i>3,665,830</i> | <i>14,078</i> | <i>263,702</i> | <i>3,943,610</i> |
| Marketing | | | | |
| Canadian Commercial Corporation | 974,582 | 11,823 | | 986,405 |
| Canadian Dairy Commission | | | | |
| Marketing operations | 418,692 | | 203 | 418,895 |
| Canadian Saltfish Corporation | | | | |
| Canadian Wheat Board, The | 4,537,781 | | | 4,537,781 |
| Freshwater Fish Marketing Corporation | 47,116 | | | 47,116 |
| <i>Total—Marketing</i> | <i>5,978,171</i> | <i>11,823</i> | <i>203</i> | <i>5,990,197</i> |
| Other | | | | |
| Atlantic Pilotage Authority | 7,638 | 46 | 25 | 7,709 |
| Cape Breton Development Corporation | 181,495 | | 1,744 | 183,239 |
| Great Lakes Pilotage Authority, Ltd | 11,128 | | | 11,128 |
| Laurentian Pilotage Authority | 35,322 | | | 35,322 |
| Pacific Pilotage Authority | 34,153 | | | 34,153 |
| St. Lawrence Seaway Authority, The | 83,893 | | 3,204 | 87,097 |
| Seaway International Bridge Corporation Ltd, The | 2,896 | | | 2,896 |
| <i>Total—Other</i> | <i>356,525</i> | <i>46</i> | <i>4,973</i> | <i>361,544</i> |
| Total—Enterprise | 15,276,346 | 25,947 | 2,495,755 | 17,798,048 |

Notes to Table 9.4 are an integral part of this table.

⁽¹⁾ This column records only that portion of financial assistance received or receivable from the federal Government that has been credited to operations. A further amount of \$541,110 representing capital and operating appropriations received by the corporations is included in "Equity transactions with Government". Revenues "Other" include amounts generated from the sale of goods and services, investment income as well as grants where the corporations qualify as a member of a general class of recipients. The total financial assistance accounted for by the corporations during the year does not agree with the amount reported in Table 9.10 because of differences resulting from the different accounting policies followed.

| Outside parties | Expenses | | Income/or loss(-) | Equity beginning of year | Adjustments | Equity transactions with Government | | Equity end of year |
|-----------------|-----------------------------------|------------|-------------------|--------------------------|-------------|-------------------------------------|---------|--------------------|
| | Government and Crown corporations | Total | | | | Dividends | Capital | |
| 3,945 | | 3,945 | 1,841 | 474,097 | (474,097) | | | 108,360 |
| 38,890 | | 38,890 | (2,271) | 114,249 | 2,270 | (10,000) | | 7,025 |
| | 479 | 479 | (479) | 206,343 | | | 105,107 | 310,971 |
| 78,197 | 38 | 78,235 | 515 | | | | 249,617 | 250,132 |
| 41,338 | 11,032 | 52,370 | 9,523 | (10,282) | | (309) | | (1,068) |
| 4,623,659 | 301,639 | 4,925,298 | 28,181 | 998,034 | | | | 1,026,215 |
| | | | | 2,781,668 | (2,781,668) | | | |
| 10,664 | 500 | 11,164 | 1,512 | 64,495 | | (179) | | 65,828 |
| 49,653 | 1,641 | 51,294 | 11,159 | 211,639 | | (2,443) | | 220,355 |
| 42,675 | | 42,675 | 558 | 2,233 | (917) | | | 1,874 |
| 11,766 | 1,030 | 12,796 | 16 | 51,705 | | | | 51,721 |
| 11,222 | 1,611 | 12,833 | 579 | 94,620 | | (43) | | 95,156 |
| 296,196 | 192 | 296,388 | 1,059 | 59,333 | | | | 60,392 |
| 8,993 | 3,386 | 12,379 | 481 | 24,375 | | | | 24,856 |
| 2,447 | 385 | 2,832 | 358 | 15,889 | | | | 16,247 |
| 49,371 | 5,669 | 55,040 | 11,884 | 355,120 | | (3,263) | | 363,741 |
| 5,269,016 | 327,602 | 5,596,618 | 64,916 | 5,452,814 | (3,254,412) | (16,237) | 354,724 | 2,601,805 |
| | | | 1,841,163 | 30,000 | | (1,841,163) | | 30,000 |
| 17,280 | 122,623 | 139,903 | 446,163 | (1,747,136) | | | | (1,300,973) |
| 609,691 | 460,643 | 1,070,334 | (4,565) | 43,253 | | | | 38,688 |
| 317,922 | 131,152 | 449,074 | 101,880 | (59,584) | | | | 42,296 |
| 926,512 | (16,359) | 910,153 | 39,761 | 1,145,386 | 2,000 | | 132,000 | 1,319,147 |
| 168,920 | 190,938 | 359,858 | 40,371 | 359,587 | 19,873 | | | 419,831 |
| 356,971 | 2,154 | 359,125 | 31,553 | 288,775 | | | 50,000 | 370,328 |
| 2,397,296 | 891,151 | 3,288,447 | 655,163 | 30,281 | 21,873 | | 182,000 | 889,317 |
| 983,170 | 4,887 | 988,057 | (1,652) | 18,276 | | | | 16,624 |
| 418,558 | 337 | 418,895 | | 299 | (299) | | | |
| 4,537,781 | | 4,537,781 | | | | | | |
| 46,902 | 214 | 47,116 | | | | | | |
| 5,986,411 | 5,438 | 5,991,849 | (1,652) | 18,575 | (299) | | | 16,624 |
| 7,466 | 20 | 7,486 | 223 | 266 | | | 47 | 536 |
| 373,371 | 17,263 | 390,634 | (207,395) | 272,406 | | | | 65,011 |
| 9,739 | | 9,739 | 1,389 | 1,300 | | | | 2,689 |
| 39,313 | | 39,313 | (3,991) | (686) | | | 4,339 | (338) |
| 35,464 | | 35,464 | (1,311) | 3,154 | | | | 1,843 |
| 79,421 | 3,059 | 82,480 | 4,617 | 570,608 | | | | 575,225 |
| 2,331 | 565 | 2,896 | | 8 | | | | 8 |
| 547,105 | 20,907 | 568,012 | (206,468) | 847,056 | | | 4,386 | 644,974 |
| 14,199,828 | 1,245,098 | 15,444,926 | 2,353,122 | 6,378,726 | (3,232,838) | (1,857,400) | 541,110 | 4,182,720 |

Borrowings by Agent Enterprise Crown Corporations

Table 9.6 summarizes the borrowing transactions by agent enterprise Crown corporations made on behalf of Her Majesty. This information is published to satisfy section 49 of the *Financial Administration Act* (FAA) which requires that "An annual statement of all borrowing transactions on behalf of Her Majesty shall be included in the *Public Accounts of Canada*". The borrowings are from other than the Government. In accordance with section 54 of the FAA, the payment of all money borrowed by agent enterprise Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings therefore constitute obligations of the Government and are recorded as such in the accounts of Canada net of borrowings expected to be repaid directly by these corporations. As at March 31, 1996, an allowance for borrowings expected to be repaid by the Government was established at \$4,190 million.

Borrowings by non-agent enterprise Crown corporations are not included in this table because such borrowings are not on behalf of Her Majesty. Table 9.7 provides information on borrowings of such corporations.

TABLE 9.6

BORROWINGS BY AGENT ENTERPRISE CROWN CORPORATIONS

(in thousands of dollars)

| | Balance April 1/1995 | Borrowings and other credits | Repayments and other charges | Balance March 31/1996 |
|---|-------------------------|------------------------------------|------------------------------------|--------------------------|
| Atomic Energy of Canada Limited | 8,840 | | 8,840 | |
| Canada Lands Company Limited | | 76,275 | 12,749 | 63,526 |
| Canada Mortgage and Housing Corporation | 3,629,736 | 10,693,782 | 8,417,481 | 5,906,037 |
| Canada Post Corporation | 198,994 | | | 198,994 |
| Canadian Wheat Board, The | 7,320,972 | 51,904,370 | 52,848,000 | 6,377,342 |
| Export Development Corporation | 7,514,803 | 33,304,877 | 33,146,344 | 7,673,336 |
| Farm Credit Corporation | 990,210 | 1,941,237 | 1,349,102 | 1,582,345 |
| Business Development Bank of Canada | 2,722,837 | 10,612,738 | 10,290,420 | 3,045,155 |
| Freshwater Fish Marketing Corporation | 5,974 | 3,699 | | 9,673 |
| Petro-Canada Limited | 504,018 | | 14,445 | 489,573 |
| Royal Canadian Mint | | 4,500 | | 4,500 |
| Saint John Port Corporation | 19,696 | | | 19,696 |
| Seaway International Bridge Corporation, Ltd., The | 8 | | | 8 |
| Total | 22,916,088 | 108,541,478 | 106,087,381 | 25,370,185 |
| Borrowings expected to be repaid by agent enterprise Crown corporations | (18,626,088) | 108,541,478 | 106,187,381 | (21,180,185) |
| Allowance for borrowings of agent enterprise Crown corporations expected to be repaid by the Government and reported on the Statement of Assets and Liabilities | 4,290,000 | | 100,000 | 4,190,000 |

Notes to Table 9.4 are an integral part of this table.

Borrowings by Enterprise Crown Corporations

Table 9.7 summarizes the borrowing transactions of agent and non-agent enterprise Crown corporations. Borrowings of non-agent Crown corporations are not on behalf of Her Majesty.

TABLE 9.7

BORROWINGS BY ENTERPRISE CROWN CORPORATIONS

(in thousands of dollars)

| | Balance April 1/1995 | Borrowings and other credits | Repayments and other charges | Balance March 31/1996 |
|---|-------------------------|------------------------------------|------------------------------------|--------------------------|
| Borrowings by agent enterprise Crown corporations | 22,916,088 | 108,541,478 | 106,087,381 | 25,370,185 |
| Borrowings by non-agent enterprise Crown corporations-- | | | | |
| Atlantic Pilotage Authority | 166 | | 166 | |
| Canadian National Railway System | 2,331,191 | | 2,331,191 | |
| Laurentian Pilotage Authority | 1,088 | 2,259 | | 3,347 |
| | 2,332,445 | 2,259 | 2,331,357 | 3,347 |
| Total | 25,248,533 | 108,543,737 | 108,418,738 | 25,373,532 |

Notes to Table 9.4 are an integral part of this table.

Maturity and Currency of Borrowings by Enterprise Crown Corporations

Table 9.8 summarizes the maturity and currency of borrowings by agent and non-agent enterprise Crown corporations, as at March 31, 1996.

TABLE 9.8

MATURITY AND CURRENCY OF BORROWINGS BY ENTERPRISE CROWN CORPORATIONS

(in thousands of dollars)

| Year of maturity | Agent | Non-agent | Total |
|------------------------|------------|-----------|---------------------------|
| 1997 | 11,019,162 | 3,347 | 11,022,509 |
| 1998 | 2,575,430 | | 2,575,430 |
| 1999 | 3,524,121 | | 3,524,121 |
| 2000 | 3,251,698 | | 3,251,698 |
| 2001 | 1,409,599 | | 1,409,599 |
| 2002 to 2006 | 2,274,647 | | 2,274,647 |
| 2007 to 2011 | 1,315,528 | | 1,315,528 |
| Total | 25,370,185 | 3,347 | 25,373,532 ⁽¹⁾ |

Notes to Table 9.4 are an integral part of this table.

(1) The borrowings are composed of \$12,849,744 US, £ 136,819, ¥ 329,749, DM 798,046, Ecu 167,950, SF 56,769, NG 22,810, FF 4,252, and \$11,007,393 Cdn.

Contingent Liabilities of Enterprise Crown Corporations

Table 9.9 summarizes the contingent liabilities of enterprise Crown corporations. A contingent liability is defined as a potential liability which may become an actual liability when one or more future events occur or fail to occur.

TABLE 9.9

CONTINGENT LIABILITIES OF ENTERPRISE CROWN CORPORATIONS

(in thousands of dollars)

| | March 31, 1996 |
|--|----------------|
| <u>Agent enterprise Crown corporations</u> | |
| Canada Mortgage and Housing Corporation—Insulation claims and other litigation | 35,500 |
| Canada Mortgage and Housing Corporation—Insurance programs | 81,500 |
| Canada Lands Company Limited—loan guarantee | 7,183 |
| Canada Ports Corporation—Miscellaneous litigation | 3,800 |
| Cape Breton Development Corporation—Miscellaneous litigation | 1,200 |
| Export Development Corporation—Loan guarantees and with recourse, Insurance activities | 294,247 |
| Business Development Bank of Canada—Loan guarantees | 320 |
| Halifax Port Corporation—Miscellaneous litigation | 2,015 |
| Montreal Port Corporation—Miscellaneous litigation | 2,900 |
| Port of Quebec Corporation—Miscellaneous litigation | 5,000 |
| St John's Port Corporation—Miscellaneous litigation | 364 |
| St Lawrence Seaway Authority—Claims for damages | 73,000 |
| Vancouver Port Corporation—Claims for damages | 31,400 |
| | 538,429 |
| <u>Non-agent enterprise Crown corporations</u> | |
| Atlantic Pilotage Authority—Miscellaneous litigation | 350 |
| Laurentian Pilotage Authority—Miscellaneous litigation | 5,500 |
| | 5,850 |
| Total | 544,279 |

Notes to Table 9.4 are an integral part of this table.

Financial Assistance Under Budgetary Appropriations to Enterprise Crown Corporations

Table 9.10 summarizes financial assistance under budgetary appropriations for both agent and non-agent enterprise Crown corporations. It should be read in conjunction with Table 9.5. The purpose for which payments have been made under budgetary appropriations is segregated between: (a) amounts to cover operating expenses and (b) amounts for capital expenditures.

All amounts reported represent charges to appropriations or authorities approved by Parliament.

TABLE 9.10

FINANCIAL ASSISTANCE UNDER BUDGETARY APPROPRIATIONS TO ENTERPRISE CROWN CORPORATIONS
FOR THE YEAR ENDED MARCH 31, 1996
(in thousands of dollars)

| | Financial assistance under budgetary appropriations ⁽¹⁾ | Purpose | |
|---|---|------------|-------------------------|
| | | Operations | Capital expenditures |
| <u>Agent enterprise Crown corporations</u> | | | |
| Canada Ports Corporation | 1,921 | 1,921 | |
| Canada Post Corporation | 83,279 ⁽²⁾ | 83,279 | |
| Canadian Commercial Corporation | 11,823 | 11,823 | |
| Canadian Dairy Commission | 2,461 | 2,461 | |
| Canadian Wheat Board, The | 18,207 | 18,207 | |
| Export Development Corporation | 71,701 ⁽³⁾ | 71,701 | |
| Business Development Bank of Canada | 14,078 | 14,078 | |
| | 203,470 | 203,470 | |
| <u>Non-agent enterprise Crown corporation</u> | | | |
| Laurentian Pilotage Authority | 5,070 | 5,070 | |
| | 5,070 | 5,070 | |
| Total | 208,540 | 208,540 | |

⁽¹⁾ Excludes grants and contributions paid to agent and non-agent enterprise Crown corporations where they qualify as members of a general class of recipients.

⁽²⁾ Includes payment of \$69,279 for costs associated with cultural publication mailings.

⁽³⁾ Payment made pursuant to section 32 of the *Export Development Act* concerning the concessional (Canada Account) loans.

Joint and Mixed Enterprises

Joint and mixed enterprises are entities with share capital owned jointly by the Government and other governments and/or organizations to further common objectives. This group records and/or reports the Government's loans, investments and advances to such entities. Additional information on these entities is provided in the *President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada*.

Under the terms of section 147 of the *Bankruptcy and Insolvency Act*, the Superintendent of Bankruptcy has received shares in a number of corporations in lieu of a cash levy payable to the Crown.

Table 9.11 presents a summary of the balances and transactions for the various types of loans, investments and advances to joint and mixed enterprises.

TABLE 9.11
JOINT AND MIXED ENTERPRISES

| | April 1/1995 | Payments and other charges | Receipts and other credits | March 31/1996 |
|---|---------------|-------------------------------|-------------------------------|---------------|
| | \$ | \$ | \$ | \$ |
| Petro-Canada—Finance— | | | | |
| Capital stock—Common | 3,326,354,321 | | 2,101,187,147 | 1,225,167,174 |
| Preferred | 972,771,853 | | 972,771,853 | |
| | 4,299,126,174 | | 3,073,959,000 | 1,225,167,174 |
| Other— | | | | |
| Canarcctic Shipping Company Limited—Transport | | | | |
| Lower Churchill Development Corporation Limited— | | | | |
| Natural Resources | 14,750,000 | | | 14,750,000 |
| National Sea Products Ltd—Finance | 59,540,000 | | | 59,540,000 |
| North Portage Development Corporation— | | | | |
| Western Economic Diversification | | | | |
| NPM Nuclear Project Managers Canada Inc— | | | | |
| Natural Resources | | | | |
| Société du parc industriel et portuaire Québec-Sud— | | | | |
| Industry—Federal Office of Regional | | | | |
| Development-Quebec | 400 | | | 400 |
| | 74,290,400 | | | 74,290,400 |
| Total | 4,373,416,574 | | 3,073,959,000 | 1,299,457,574 |

Petro-Canada

Petro-Canada was initially incorporated under the *Canada Business Corporations Act*, to explore for, research, develop, produce and distribute hydrocarbons and other types of fuel and energy, and to engage or invest in ventures related thereto.

The *Petro-Canada Public Participation Act*, assented to February 1, 1991, provided for the sale of Government shares.

In 1995-96, the Government sold a major portion of its investment in Petro-Canada. The proceeds generated from the disposal of 123.9 million shares amounted to \$1,746 million of which \$693 million was received by March 31, 1996. The remaining \$1,053 million will be received in two equal instalments on or before September 26, 1996 and March 24, 1997. An amount of \$1,328 million was transferred to expenditures pursuant to the *Petro-Canada Public Participation Act*.

As of March 31, 1996, the Government's holding has been reduced to 49.4 million shares, representing about 20 percent ownership of Petro-Canada.

Canarctic Shipping Company Limited

The Corporation was incorporated under the *Canada Corporations Act*, and continued under the *Canada Business Corporations Act*, to acquire, sell, lease, charter and otherwise deal in and with ships of every description, and to do all other things necessary or incidental thereto.

In 1977-78, 305,996 common shares of Canarctic Shipping Company Limited having a total value of \$305,996, and representing 51 percent of the common shares outstanding, were purchased and charged to expenditures (Transport Vote 10—Marine operating expenditures). The balance of outstanding shares is owned by North Water Navigation Ltd.

Lower Churchill Development Corporation Limited

The Corporation was incorporated under the *Companies Act of Newfoundland*, to establish a basis for the development of all or part of the hydroelectric potential of the Lower Churchill basin and the transmission of this energy to markets.

This account records the Government's investment in the capital of the Corporation. In respect of Canada's participation with the Government of Newfoundland in the development of the hydroelectric power potential of the Lower Churchill River in Labrador, the Government is authorized to purchase approximately 49 percent of the shares of the Lower Churchill Development Corporation Limited.

The Government has purchased 1,475 class A shares, representing 49 percent of the shares outstanding. The balance of the outstanding shares is owned by Newfoundland and Labrador Hydro (an agent of the Government of Newfoundland and Labrador).

National Sea Products Ltd

The Corporation was incorporated under the *Nova Scotia Companies Act*, to process and market fish, seafoods and fish by-products. The objective of the Government's participation is to restructure the Nova Scotia fishery.

Pursuant to the *Atlantic Fisheries Restructuring Act*, the Government has acquired shares in the Corporation. The Government's holding consists of 776,488 no par value non-assessable common shares. This represents 10.65 percent of the shares outstanding.

North Portage Development Corporation

The Corporation was incorporated under the *Manitoba Corporations Act*, to foster the social and economic development of the North Portage area in the core area of Winnipeg. The objective of the Government's participation is to stimulate economic recovery in Canada and Manitoba.

The Government's holding of common shares represents 33.3 percent of the shares outstanding. The Corporation is owned equally by the City of Winnipeg, the Province of Manitoba and the Government of Canada.

NPM Nuclear Project Managers Canada Inc

The Corporation was incorporated under the *Canada Business Corporations Act*, to manage nuclear projects and construction. The objective of the Government's participation is to transfer this activity from Atomic Energy of Canada Ltd to the private sector.

The Government has purchased 60 no par value common shares. The purchase cost of these shares was charged to expenditures.

The Government's holding of shares represents 17.14 percent of the shares outstanding. The balance of the outstanding shares is owned by three private sector corporations.

Société du parc industriel et portuaire Québec-Sud

The Corporation was incorporated by a Special Act of the Government of Quebec, to develop and implement plans and programs for an industrial complex, using the infrastructure of the Quebec harbour, and contributing to the development of that same infrastructure.

The Government has purchased 400 common shares of the Corporation at \$1 per share. This represents 40 percent of the authorized shares. The balance of the outstanding shares is owned by the Government of Quebec.

National Governments Including Developing Countries

Loans to national governments consist mainly of the loan to the government of the United Kingdom under the *United Kingdom Financial Agreement Act, 1946*, international development assistance to developing countries, and loans for development of export trade (administered by the Export Development Corporation).

Table 9.12 presents a summary of the balances and transactions for the loans and advances that were made to national governments including developing countries.

TABLE 9.12

NATIONAL GOVERNMENTS INCLUDING DEVELOPING COUNTRIES

| | April 1/1995 | Payments and other charges | Receipts and other credits | March 31/1996 |
|---|---------------|-------------------------------|-------------------------------|---------------|
| | \$ | \$ | \$ | \$ |
| Finance— | | | | |
| China | 49,426,118 | | | 49,426,118 |
| Jamaica | 25,000,000 | | 2,181,537 | 22,818,463 |
| United Kingdom— | | | | |
| United Kingdom Financial Agreement Act, 1946 | 211,250,050 | | 33,485,254 | 177,764,796 |
| Deferred principal | 94,990,863 | | | 94,990,863 |
| | 306,240,913 | | 33,485,254 | 272,755,659 |
| Foreign Affairs and International Trade— | | | | |
| Development of export trade (loans administered by the Export Development Corporation) | 1,072,470,450 | 268,352,118 | 218,100,302 | 1,122,722,266 |
| Developing countries—Canadian International Development Agency—International development assistance | 1,828,485,357 | 1,693,305 | 77,596,596 | 1,752,582,066 |
| National Defence— | | | | |
| North Atlantic Treaty Organization—Damage claims recoverable | 443,429 | 18,011 | 167,480 | 293,960 |
| Total | 3,282,066,267 | 270,063,434 | 331,531,169 | 3,220,598,532 |

China

A loan to China was authorized under the *Export Credits Insurance Act*.

Jamaica

A loan has been made to the Government of Jamaica, to provide economic assistance.

The loan agreement has been amended by the following Rescheduling Agreements:

- the Rescheduling Agreement dated October 18, 1985, provided for the deferment of the principal repayment in the amount of \$5,000,000 due on August 9, 1985;
- the Rescheduling Agreement dated June 4, 1987, provided for the deferment of principal repayments totaling \$10,000,000 due on August 9, 1986 and August 9, 1987; and,
- the Rescheduling Agreement dated July 25, 1989, provided for the deferment of principal repayments totaling \$10,000,000 due on August 9, 1988 and August 9, 1989.

United Kingdom

United Kingdom Financial Agreement Act, 1946

Under authority of the *United Kingdom Financial Agreement Act, 1946*, a credit of \$1,250,000,000 was extended by the Government of Canada to the government of the United Kingdom to facilitate purchases by the United Kingdom of goods and services in Canada and to assist the government of the United Kingdom in meeting transitional post-war deficits in its current balance of payments, in maintaining adequate reserves of gold and dollars, and in assuming the obligations of multilateral trade. The amount of the credit drawn by December 31, 1951 was to be repaid in 50 annual instalments beginning on that date, with interest at the rate of 2 percent per annum, with the final instalment on December 31, 2000.

Deferred principal

The agreement, as amended in 1957, provides for the deferment of interest in respect of the year 1956 and of seven instalments of principal and interest after December 31, 1956, under certain conditions. Interest for 1956, and interest and principal for 1957, 1964, 1965, 1968 and 1976 were deferred. The maturity of the deferrals is to commence December 31, 2001, and continue until December 31, 2006.

Development of export trade

Pursuant to section 23 of the *Export Development Act*, the Governor in Council may authorize the Corporation to make loans to foreign customers where the liability is for a term, or in an amount in excess of that normally assumed by the Corporation. Such loans are financed directly by payments out of the Consolidated Revenue Fund and are administered by the Corporation on behalf of the Government of Canada.

Prior to April 1, 1987, these loans were authorized under non-budgetary authority. Since April 1, 1987, interest-free or low interest bearing loans are made under budgetary authority

because of their concessional nature. Any similar loans that were issued prior to April 1, 1987 are fully provided for in the allowance for valuation of assets.

The following table presents the balances and transactions for the loans made to national governments, together with their terms and conditions of repayments. The subtotal of budgetary loans includes total payments for concessional loans under both budgetary and non-budgetary authorities. Loans made under budgetary authority are deducted as a lump sum amount under the caption "budgetary treatment".

| | Payments and other charges | | | Receipts and other credits | | March 31/1996 |
|--|--|--------------------|------------------|--|-------------------|--------------------|
| | Payments or other charges ⁽¹⁾ | Revaluation | | Receipts or other credits ⁽²⁾ | Revaluation | |
| April 1/1995 | \$ | \$ | \$ | \$ | \$ | \$ |
| NON-BUDGETARY LOANS | | | | | | |
| (a) 1 to 5 year term, 5.8 percent (London Interbank Offered Rate (LIBOR)) to 7.25 percent interest per annum, with final repayments between May 1988 and November 1997: | | | | | | |
| Argentina | 59,429,179 | | | 5,262,670 | 656,301 | 53,510,208 |
| Brazil | 5,135,029 | | | 1,247,622 | 387,588 | 3,499,819 |
| Cameroun | 1,790,525 | 3,115,800 | | 1,246,414 | | 3,659,911 |
| Gabon | 934,465 | | | 914,627 | 19,838 | |
| Jamaica | 2,372,113 | | | 227,598 | 286,725 | 1,857,790 |
| Kazakhstan | 2,343,325 | | | 650,546 | 61,807 | 1,630,972 |
| Mexico | 7,113,874 | | | 972,038 | 188,755 | 5,953,081 |
| Peru | 1,036,324 | | | | | 1,036,324 |
| Russia and USSR | 101,560,375 | | | 33,205,421 | 962,910 | 67,392,044 |
| Sudan | 1,757,599 | | | | 44,976 | 1,712,623 |
| Ukraine | 13,949,229 | | | 9,485,938 | 467,732 | 3,995,559 |
| | 197,422,037 | 3,115,800 | | 53,212,874 | 3,076,632 | 144,248,331 |
| (b) 6 to 10 year term, 5.8 percent (LIBOR) to 10.5 percent interest per annum, with final repayments between July 2000 and March 2007: | | | | | | |
| Algeria | 4,793,082 | 12,861,358 | | 1,055,510 | 218,880 | 16,380,050 |
| Argentina | 59,202,568 | 4,851,849 | | | 1,486,248 | 62,568,169 |
| Cameroun | 14,906,713 | | | 862,938 | 2,949,885 | 11,093,890 |
| Chile | 1,646,895 | | | | 1,646,895 | |
| China | | 93,941,171 | 60,021 | 501,667 | | 93,499,525 |
| Congo | 413,204 | | | | 10,574 | 402,630 |
| Ecuador | 10,365,204 | | | 2,743,758 | 276,019 | 7,345,427 |
| Egypt | 5,584,444 | | | 1,353,799 | 149,491 | 4,081,154 |
| Gabon | 21,861,608 | 4,560,564 | | 3,155,284 | 605,601 | 22,661,287 |
| Jamaica | 10,201,403 | | | 1,782,824 | 22,118 | 8,396,461 |
| Kazakhstan | 15,455,314 | | | 1,309,477 | 415,193 | 13,730,644 |
| Kenya | 15,329,655 | | | 1,572,816 | 391,820 | 13,365,019 |
| Lithuania | | 6,761,160 | 21,207 | | | 6,782,367 |
| Morocco | 174,243,083 | 144,028 | | 18,862,260 | 4,477,189 | 151,047,662 |
| Romania | 295,219,980 | 28,668,599 | | 7,325,309 | | 316,563,270 |
| Rwanda | 6,276,841 | | | | 160,623 | 6,116,218 |
| Sudan | 7,440,136 | | | | 190,391 | 7,249,745 |
| | 642,940,130 | 151,788,729 | 81,228 | 33,200,333 | 20,326,236 | 741,283,518 |
| (c) 11 to 15 year term, 5.8 percent (LIBOR) to 8.25 percent interest per annum, with final repayments between July 1996 and January 2007: | | | | | | |
| Algeria | 121,027 | | | | | 121,027 |
| Argentina | 32,914,555 | | | 1,497,844 | | 31,416,711 |
| Brazil | 7,818,402 | | | | 22,986 | 7,795,416 |
| | 40,853,984 | | | 1,497,844 | 22,986 | 39,333,154 |
| Insurance claims paid during the year: | | | | | | |
| Cuba | 29,965,997 | | | 6,206,279 | | 23,759,718 |
| Russia | | 14,597,520 | 59,060 | | | 14,656,580 |
| | 29,965,997 | 14,597,520 | 59,060 | 6,206,279 | | 38,416,298 |
| Total—Non-budgetary | 911,182,148 | 166,386,249 | 3,256,088 | 94,117,330 | 23,425,854 | 963,281,301 |

| | Payments and other charges | | | Receipts and other credits | | March 31/1996 |
|--|----------------------------|--|-------------|--|-------------|---------------|
| | April 1/1995 | Payments or other charges ⁽¹⁾ | Revaluation | Receipts or other credits ⁽²⁾ | Revaluation | |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| BUDGETARY LOANS⁽³⁾ | | | | | | |
| (a) 1 to 15 year term, 5.8 percent (LIBOR) to 11 percent interest per annum, with final repayments between May 1988 and June 2012: | | | | | | |
| Argentina | 30,205,000 | | | 8,630,000 | | 21,575,000 |
| Chile | | | 1,606,215 | 459,964 | | 1,146,251 |
| Egypt | 6,004,911 | | | 970,486 | 158,385 | 4,876,040 |
| Madagascar | 25,065,636 | | | | 641,422 | 24,424,214 |
| Poland | 43,527,282 | | | | 1,113,850 | 42,413,432 |
| Tanzania | 26,351,772 | | 10,941,382 | | | 37,293,154 |
| Zambia | 8,239,754 | | | | 178,425 | 8,061,329 |
| | 139,394,355 | | 12,547,597 | 10,060,450 | 2,092,082 | 139,789,420 |
| (b) 16 to 20 year term, 0 percent to 3.5 percent interest per annum, with final repayments between March 2005 and June 2012: | | | | | | |
| Mexico | 24,297,832 | | | 1,805,204 | 637,806 | 21,854,822 |
| Thailand | 31,643,346 | | | 970,267 | 437,311 | 30,235,768 |
| | 55,941,178 | | | 2,775,471 | 1,075,117 | 52,090,590 |
| (c) 21 to 25 year term, 0.5 percent to 3.5 percent interest per annum, with final repayments between June 2014 and April 2018: | | | | | | |
| Algeria | 12,895,138 | | | | | 12,895,138 |
| China | 301,379,642 | 51,974,752 | | | 7,740,242 | 345,614,152 |
| Congo | 3,601,026 | | | | 92,149 | 3,508,877 |
| Indonesia | 44,675,655 | 337,989 | | | 1,045,433 | 43,968,211 |
| | 362,551,461 | 52,312,741 | | | 8,877,824 | 405,986,378 |
| (d) 31 to 55 year term, 0 percent interest per annum, with final repayment in July 2042: | | | | | | |
| Cameroun | 23,737,640 | | | | 1,889,630 | 21,848,010 |
| China | 196,392,706 | 633,034 | | | 5,028,036 | 191,997,704 |
| Egypt | 14,255,793 | | | | 117,633 | 14,138,160 |
| Gabon | 12,687,798 | | | | 324,677 | 12,363,121 |
| India | 71,014,977 | | | 12,162 | 1,817,473 | 69,185,342 |
| Jamaica | 10,239,489 | | | | 262,026 | 9,977,463 |
| Kenya | 10,912,627 | | | 273,972 | 277,931 | 10,360,724 |
| Morocco | 143,538,772 | 90,890 | | | 3,672,901 | 139,956,761 |
| Pakistan | 10,544,254 | | | | 141,385 | 10,274,429 |
| Pakistan | 140,085,969 | 5,110,041 | | | 3,583,203 | 141,612,807 |
| Turkey | 633,410,025 | 5,833,965 | | | 414,574 | 621,714,521 |
| Subtotal—Budgetary | 1,191,297,019 | 58,146,706 | 12,547,597 | 13,250,495 | 29,159,918 | 1,219,580,909 |
| Less: budgetary treatment | 1,030,008,717 | 3,125,427 | 24,890,051 | 58,146,705 | | 1,060,139,944 |
| Total—Budgetary | 161,288,302 | 61,272,133 | 37,437,648 | 71,397,200 | 29,159,918 | 159,440,965 |
| Total | 1,072,470,450 | 227,658,382 | 40,693,736 | 165,514,530 | 52,585,772 | 1,122,722,266 |
| SUMMARY | | | | | | |
| Total—Non-budgetary | 911,182,148 | 166,386,249 | 3,256,088 | 94,117,330 | 23,425,854 | 963,281,301 |
| Total—Budgetary | 1,191,297,019 | 58,146,706 | 12,547,597 | 13,250,495 | 29,159,918 | 1,219,580,909 |
| Less: budgetary treatment | 2,102,479,167 | 224,532,955 | 15,803,685 | 107,367,825 | 52,585,772 | 2,182,862,210 |
| | 1,030,008,717 | 3,125,427 | 24,890,051 | 58,146,705 | | 1,060,139,944 |
| Total | 1,072,470,450 | 227,658,382 | 40,693,736 | 165,514,530 | 52,585,772 | 1,122,722,266 |

(1) Payments or other charges may include transactions such as loans, adjustments, etc.

(2) Receipts or other credits may include transactions such as repayments, forgiveness, etc.

(3) Concessional non-budgetary loans made prior to April 1, 1987 have been fully provided for in the allowance for valuation of assets and are included with budgetary loans in this table.

Developing countries—International development assistance

Interest-free or low interest bearing loans have been made through the Canadian International Development Agency to developing countries for international development assistance. Prior to April 1, 1986, these loans were authorized by miscellaneous non-budgetary authorities. Any balances still outstanding at March 31, 1986 have been fully provided for in the allowance for valuation of assets. Loan payments after March 31, 1986 have been made under various budgetary authorities.

During the year, loans totalling \$11,910,000 were forgiven under the authority of Foreign Affairs and International Trade Vote 21b, *Appropriation Act No. 4, 1995-96*.

The following table presents the balances and transactions for the loans made to developing countries, together with their terms and conditions of repayments. The subtotal of loans to

individual countries includes, where applicable, total payments made under both budgetary and non-budgetary authorities. Payments made under budgetary authority to all countries are deducted as a lump sum amount under the caption "budgetary treatment".

All loans have been made in Canadian dollars and are therefore not subject to revaluations for foreign exchange fluctuations.

Similar assistance has been provided to developing countries by way of subscriptions and advances to the International Development Association, advances to the Global Environment Facility, and loans to other international financial institutions. These are reported later in this section under the heading "International organizations".

| | April 1/1995 | Payments and other charges | Receipts and other credits ⁽¹⁾ | March 31/1996 |
|---|--------------|-------------------------------|--|---------------|
| | \$ | \$ | \$ | \$ |
| (a) 10 year term, 1 year grace period, 5 percent interest per annum, with final repayments between January 2002 and July 2002: | | | | |
| Egypt | 54,537,641 | | | 54,537,641 |
| (b) 20 year term, 5 year grace period, 5 percent interest per annum, with final repayments between September 2000 and March 2001: | | | | |
| Turkey | 9,620,368 | | 2,064,287 | 7,556,081 |
| (c) 30 year term, 7 year grace period, 3 percent interest per annum, with final repayments between September 1996 and January 2012: | | | | |
| Brazil | 7,720,554 | | 751,611 | 6,968,943 |
| Chile | 640,050 | | 182,869 | 457,181 |
| Colombia | 8,268,075 | | 2,088,504 | 6,179,571 |
| Cuba | 9,547,012 | | | 9,547,012 |
| Dominican Republic | 1,527,623 | | 96,011 | 1,431,612 |
| Korea | 108,596 | | 65,168 | 43,428 |
| Malaysia | 5,220,288 | | 703,029 | 4,517,259 |
| Salvador, El | 3,544,154 | | 2,345,128 | 1,199,026 |
| Turkey | 4,058,696 | | 214,131 | 3,844,565 |
| | 40,635,048 | | 6,446,451 | 34,188,597 |
| (d) 35 year term, 5 year grace period, non-interest bearing, with final repayments between April 2001 and November 2005: | | | | |
| Salvador, El | 1,413,310 | | 171,948 | 1,241,362 |
| (e) 40 year term, 10 year grace period, non-interest bearing, with the final repayment in March 2007: | | | | |
| Thailand | 394,987 | | 33,333 | 361,654 |

| | April 1/1995 | Payments and other charges | Receipts and other credits ⁽¹⁾ | March 31/1996 |
|--|---------------|-------------------------------|--|---------------|
| | \$ | \$ | \$ | \$ |
| (f) 50 year term, 10 year grace period, non-interest bearing, with final repayments between March 2015 and September 2035: | | | | |
| Algeria | 12,786,873 | | | 12,786,873 |
| Argentina | 420,000 | | 18,667 | 401,333 |
| Bolivia | 1,144,667 | | 42,395 | 1,102,272 |
| Brazil | 512,397 | | 20,913 | 491,484 |
| Chile | 2,274,048 | | 98,062 | 2,175,986 |
| Colombia | 13,570,324 | | 1,101,137 | 12,469,187 |
| Costa Rica | 22,711,618 | | 2,269,999 | 20,441,619 |
| Dominican Republic | 6,810,432 | | 236,035 | 6,574,397 |
| Ecuador | 8,159,141 | | 304,918 | 7,854,223 |
| Guatemala | 3,235,613 | | 150,000 | 3,085,613 |
| Honduras | 28,062,972 | | 3,300,000 | 24,762,972 |
| India | 586,940,924 | | 19,646,962 | 567,293,962 |
| Indonesia | 240,848,358 | | 6,286,098 | 234,562,260 |
| Malaysia | 2,300,907 | | 62,935 | 2,237,972 |
| Malta | 724,980 | | 25,000 | 699,980 |
| Mexico | 62,356 | | 2,772 | 59,584 |
| Morocco | 14,691,199 | | | 14,691,199 |
| Myanmar (Burma) | 8,306,202 | | | 8,306,202 |
| Nicaragua | 16,923,270 | | 900,000 | 16,023,270 |
| Pakistan | 503,351,947 | | 23,730,520 | 479,621,427 |
| Paraguay | 429,927 | | 19,996 | 409,931 |
| Peru | 87,628 | | 3,728 | 83,900 |
| Philippines | 3,312,357 | | 161,390 | 3,150,967 |
| Salvador, El | 521,199 | | 344,872 | 176,327 |
| Sri Lanka | 140,204,876 | | 4,200,400 | 136,004,476 |
| Thailand | 29,452,611 | | 1,010,184 | 28,442,427 |
| Tunisia | 97,924,222 | | 4,943,594 | 92,980,628 |
| | 1,745,771,048 | | 68,880,577 | 1,676,890,471 |
| (g) 53 year term, 13 year grace period, non-interest bearing, with the final repayment in September 2025: | | | | |
| Algeria | 36,730,193 | | | 36,730,193 |
| Subtotal | 1,889,102,595 | | 77,596,596 | 1,811,505,999 |
| Less: budgetary treatment | 60,617,238 | 1,693,305 ⁽²⁾ | | 58,923,933 |
| Total | 1,828,485,357 | 1,693,305 | 77,596,596 | 1,752,582,066 |

Note: Grace period refers to interval from date of issuance of the loan to first repayment of loan principal.

⁽¹⁾ Receipts and other credits may include transactions such as repayments, forgiveness, etc.

⁽²⁾ This amount represents an adjustment to reduce the allowance regarding the reimbursements of budgetary loans.

North Atlantic Treaty Organization—Damage claims recoverable

Article VIII of the NATO Status of Forces Agreement signed April 4, 1949, as amended, deals with claims for damages to third parties arising from accidents in which a member of a visiting force is involved. This account is charged with the amount recoverable from other states, for claims for damages which took place in Canada, and is credited with recoveries.

The advances are non-interest bearing and have no specific repayment terms.

International Organizations

This group records Canada's subscriptions to the share capital of international banks. It also includes loans and advances to associations and other international organizations. Table 9.13 groups these subscriptions, loans and advances according to whether they are treated as non-budgetary assets, or else as charges to budgetary expenditures.

Canada's subscriptions to the share capital of a number of international banks are composed of both paid-in and callable capital. Subscriptions to international organizations do not provide a return on investments but are repayable on termination of the organization or withdrawal from it.

Paid-in capital subscriptions are made through a combination of cash payments and the issuance of non-interest bearing, non-negotiable notes payable to the organization. Although payable on demand, these notes are typically encashed according to terms of agreements reached between the organization and participating countries. Canada's subscriptions to the paid-in capital of these organizations are reported in Table 9.13 as non-budgetary assets.

Callable share capital is composed of resources that are not paid to the banks but act as a guarantee to allow them to borrow on international capital markets to finance their lending program. Callable share capital, which has never been drawn on by the banks, would only be utilized in extreme circumstances to repay loans, should a bank's reserves not be sufficient. It represents a contingent liability of the Government, and is listed with other contingent liabilities related to international organizations in Table 10.8 (Section 10 of this volume).

Most loans and advances to international organizations are given budgetary treatment, since they are made to banks and associations that use these funds to make loans to developing countries at significant concessionary terms. Loans and advances for concessionary lending made since April 1, 1986 are charged directly to budgetary appropriations, and are therefore deducted from the asset values at the end of Table 9.13 under the caption "budgetary treatment". Similar loans and advances made prior to April 1, 1986 were authorized by non-budgetary authorities, but are fully provided for in the allowance for valuation of assets. All of these loans and advances are included in the budgetary section of Table 9.13.

Table 9.13 presents a summary of the balances and transactions for share capital, loans and advances to international organizations. Table 10.9 (Section 10 of this volume) presents additional information on contingent liabilities and commitments for international organizations that are disclosed in the notes to the audited financial statements in Section 1 of this volume.

TABLE 9.13

INTERNATIONAL ORGANIZATIONS

| | Payments and other charges | | | Receipts and other credits | | March 31/1996 |
|---|----------------------------|---|-------------|--|-------------|---------------|
| | April 1/1995 | Participation, note encashments or other charges | Revaluation | Reimbursements, note issuances or other credits | | |
| | | | | | Revaluation | |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| NON-BUDGETARY SHARE CAPITAL, LOANS AND ADVANCES | | | | | | |
| Capital subscriptions— | | | | | | |
| Finance— | | | | | | |
| European Bank for Reconstruction and Development | 133,243,040 | 32,548,936 | | | 4,011,480 | 161,780,496 |
| Less: notes payable | 16,665,380 | 16,426,833 | 334,966 | 16,274,468 | | 16,178,049 |
| | 116,577,660 | 48,975,769 | 334,966 | 16,274,468 | 4,011,480 | 145,602,447 |
| International Bank for Reconstruction and Development (World Bank) | 395,068,738 | | | | 4,110,884 | 390,957,854 |
| International Finance Corporation | 94,019,244 | 9,778,423 | | | 2,860,028 | 100,937,639 |
| Multilateral Investment Guarantee Agency | 8,977,631 | | | | 257,292 | 8,720,339 |
| Less: notes payable | 4,488,815 | | 128,646 | | | 4,360,169 |
| | 4,488,816 | | 128,646 | | 257,292 | 4,360,170 |
| Foreign Affairs and International Trade— | | | | | | |
| Canadian International Development Agency— | | | | | | |
| African Development Bank | 93,996,862 | | | | 1,015,867 | 92,980,995 |
| Asian Development Bank | 178,944,422 | 4,616,520 | | 4,616,520 | 4,292,251 | 179,268,691 |
| Less: notes payable | | | 64,308 | | | 4,552,212 |
| | 178,944,422 | 4,616,520 | 64,308 | 4,616,520 | 4,292,251 | 174,716,479 |
| Caribbean Development Bank | 21,226,106 | 1,856,184 | | | 550,259 | 22,532,031 |
| Less: notes payable | 4,249,462 | | 83,808 | 1,816,867 | | 5,982,521 |
| | 16,976,644 | 1,856,184 | 83,808 | 1,816,867 | 550,259 | 16,549,510 |
| Inter-American Development Bank | 217,927,659 | 5,494,152 | | | 6,228,202 | 217,193,609 |
| Less: notes payable | 17,959,837 | 8,005,225 | 589,714 | 5,494,152 | | 14,859,050 |
| | 199,967,822 | 13,499,377 | 589,714 | 5,494,152 | 6,228,202 | 202,334,559 |
| | 1,100,040,208 | 78,726,273 | 1,201,442 | 28,202,007 | 23,326,263 | 1,128,439,653 |
| Loans and advances— | | | | | | |
| Finance— | | | | | | |
| International Monetary Fund— | | | | | | |
| Enhanced Structural Adjustment Facility | 324,552,920 | 146,675,956 | | 11,129,781 | 35,507,759 | 424,591,336 |
| Foreign Affairs and International Trade— | | | | | | |
| International organizations and associations— | | | | | | |
| Berne Union of the World Intellectual Property Organization | 54,010 | | | | 3,896 | 50,114 |
| Customs Co-operation Council | 13,701 | | | | 1,327 | 12,374 |
| Food and Agriculture Organization | 1,259,100 | | | | 32,220 | 1,226,880 |
| General Agreement on Tariffs and Trade | 67,258 | | | | 4,851 | 62,407 |
| International Maritime Organization | 2,459 | | | | 202 | 2,257 |
| International Atomic Energy Agency | 535,536 | | | | 13,704 | 521,832 |
| International Civil Aviation Organization | 240,068 | | | | 6,143 | 233,925 |
| Paris Union of the World Intellectual Property Organization | 139,170 | | | | 10,038 | 129,132 |
| United Nations Educational, Scientific and Cultural Organization | 1,045,641 | | | | 26,758 | 1,018,883 |
| United Nations organizations | 4,350,890 | | | | 111,338 | 4,239,552 |
| World Health Organization | 216,943 | | | | 5,552 | 211,391 |
| | 7,924,776 | | | | 216,029 | 7,708,747 |
| | 332,477,696 | 146,675,956 | | 11,129,781 | 35,723,788 | 432,300,083 |
| Total—Non-budgetary | 1,432,517,904 | 225,402,229 | 1,201,442 | 39,331,788 | 59,050,051 | 1,560,739,736 |
| SUMMARY—NON-BUDGETARY | | | | | | |
| Participation | 1,475,881,398 | 200,970,171 | | 11,129,781 | 59,050,051 | 1,606,671,737 |
| Less: notes payable | 43,363,494 | 24,432,058 | 1,201,442 | 28,202,007 | | 45,932,001 |
| Total—Non-budgetary | 1,432,517,904 | 225,402,229 | 1,201,442 | 39,331,788 | 59,050,051 | 1,560,739,736 |
| BUDGETARY LOANS AND ADVANCES ⁽¹⁾ | | | | | | |
| Finance— | | | | | | |
| Global Environment Facility | 10,000,000 | | | | | 10,000,000 |
| Less: notes payable | 3,100,000 | 2,100,000 | | | | 1,000,000 |
| | 6,900,000 | 2,100,000 | | | | 9,000,000 |
| International Development Association | 4,676,421,727 | 276,333,334 ⁽²⁾ | | | | 4,952,758,061 |
| Less: notes payable | 813,801,366 | 224,318,700 | | 276,333,334 | | 865,816,000 |
| | 3,862,623,361 | 500,652,034 | | 276,333,334 | | 4,086,942,061 |

TABLE 9.13

INTERNATIONAL ORGANIZATIONS—Concluded

| | Payments and other charges | | | Receipts and other credits | | March 31/1996 |
|--|---|---------------------------|--|----------------------------|------------|---------------|
| | Participation, note encashments or other charges | Revaluation | Reimbursements, note issuances or other credits | | | |
| | | | | | | |
| | April 1/1995 | | | | | |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Foreign Affairs and International Trade—Canadian International Development Agency— | | | | | | |
| International financial institutions— | | | | | | |
| African Development Bank..... | 3,218,896 | | | 125,000 | | 3,093,896 |
| African Development Fund..... | 1,163,301,666 | | | | 3,007,498 | 1,160,294,168 |
| Less: notes payable..... | 435,418,126 | 21,984,116 | | | | 413,434,010 |
| | 727,883,540 | 21,984,116 | | | 3,007,498 | 746,860,158 |
| Andean Development Corporation..... | 3,562,576 | | | 125,000 | | 3,437,576 |
| Asian Development Bank—Special..... | 27,027,000 | | | | | 27,027,000 |
| Asian Development Fund..... | 1,398,435,880 | | | | | 1,398,435,880 |
| Less: notes payable..... | 530,097,969 | 95,853,069 | | | | 434,244,900 |
| | 868,337,911 | 95,853,069 | | | | 964,190,980 |
| Caribbean Development Bank— | | | | | | |
| Agricultural Development Fund..... | 8,600,000 | | | 6,600,000 ⁽³⁾ | | 2,000,000 |
| Caribbean Development Bank— | | | | | | |
| Commonwealth Caribbean Regional..... | 5,596,800 | | | | 160,400 | 5,436,400 |
| Caribbean Development Bank—Special..... | 103,331,335 | 10,665,000 ⁽³⁾ | | | 503,255 | 113,493,080 |
| Less: notes payable..... | 28,568,819 | | | 4,065,000 | | 32,633,819 |
| | 74,762,516 | 10,665,000 | | 4,065,000 | 503,255 | 80,859,261 |
| Central American Bank for Economic Integration..... | 1,721,279 | | | 76,500 | | 1,644,779 |
| Global Environment Facility | | | | | | |
| Trust Fund..... | 37,000,000 | 37,000,000 | | | | 74,000,000 |
| Less: notes payable..... | 30,900,000 | | | 37,000,000 | | 67,900,000 |
| | 6,100,000 | 37,000,000 | | 37,000,000 | | 6,100,000 |
| Inter-American Development Bank—Fund for Special Operations..... | 357,085,074 | 8,092,116 ⁽⁴⁾ | | | 7,245,194 | 357,931,996 |
| Less: notes payable..... | 23,610,637 | 23,610,637 | | 5,700,193 | | 5,700,193 |
| | 333,474,437 | 31,702,753 | | 5,700,193 | 7,245,194 | 352,231,803 |
| Multilateral Investment Fund..... | | 11,388,294 | | | | 11,388,294 |
| Less: notes payable..... | | 11,388,294 | | 11,388,294 | | 11,388,294 |
| | | 11,388,294 | | 11,388,294 | | |
| International Bank for Reconstruction and Development..... | 27,984,000 | | | | 802,000 | 27,182,000 |
| International Fund for Agriculture Development..... | 90,207,432 | | | | | 90,207,432 |
| Less: notes payable..... | 26,484,901 | | | | | 26,484,901 |
| | 63,722,531 | | | | | 63,722,531 |
| International Monetary Fund..... | 15,348,430 | | | | 439,875 | 14,908,555 |
| Montreal Protocol Fund..... | | 11,254,632 | 77,543 | 11,254,632 | | 11,332,175 |
| Less: notes payable..... | | 11,254,632 | | 11,254,632 | | 11,332,175 |
| | | 22,509,264 | 77,543 | | | |
| | 2,167,339,916 | 231,102,496 | 77,543 | 76,334,619 | 12,158,222 | 2,310,027,114 |
| Subtotal—Budgetary..... | 6,036,863,277 | 733,854,530 | 77,543 | 352,667,953 | 12,158,222 | 6,405,969,175 |
| Less: budgetary treatment..... | 3,924,880,368 | | | 381,590,620 | | 4,306,470,988 |
| Total—Budgetary..... | 2,111,982,909 | 733,854,530 | 77,543 | 734,258,573 | 12,158,222 | 2,099,498,187 |
| SUMMARY—BUDGETARY | | | | | | |
| Participation..... | 7,928,845,095 | 354,733,376 | 77,543 | 6,926,500 | 12,158,222 | 8,264,571,292 |
| Less: notes payable..... | 1,891,981,818 | 379,121,154 | | 345,741,453 | | 1,858,602,117 |
| | 6,036,863,277 | 733,854,530 | 77,543 | 352,667,953 | 12,158,222 | 6,405,969,175 |
| budgetary treatment..... | 3,924,880,368 | | | 381,590,620 | | 4,306,470,988 |
| Total—Budgetary..... | 2,111,982,909 | 733,854,530 | 77,543 | 734,258,573 | 12,158,222 | 2,099,498,187 |
| GENERAL SUMMARY | | | | | | |
| Participation..... | 9,404,726,493 | 555,703,547 | 77,543 | 18,056,281 | 71,208,273 | 9,871,243,029 |
| Less: budgetary treatment..... | 3,924,880,368 | | | 381,590,620 | | 4,306,470,988 |
| Subtotal..... | 5,479,846,125 | 555,703,547 | 77,543 | 399,646,901 | 71,208,273 | 5,564,772,041 |
| Less: notes payable..... | 1,935,345,312 | 403,553,212 | 1,201,442 | 373,943,460 | | 1,904,534,118 |
| Total..... | 3,544,500,813 | 959,256,759 | 1,278,985 | 773,590,361 | 71,208,273 | 3,660,237,923 |

⁽¹⁾ Concessional non-budgetary loans and advances made prior to April 1, 1986 have been fully provided for in the allowance for valuation of assets and are included with budgetary loans and advances in this table.

⁽²⁾ This amount includes note encashments of \$217,978,700 and note cancellations of \$6,340,000. The International Development Association cancelled certain notes in lieu of paying interest to the Government.

⁽³⁾ An amount of \$6,600,000 was transferred from Agricultural Development Fund to Caribbean Development Bank—Special.

⁽⁴⁾ An amount of \$2,391,923, received as reimbursements of loans made to developing countries for international development assistance, has been advanced to the Inter-American Development Bank—Fund for Special Operations pursuant to a signed agreement.

European Bank for Reconstruction and Development

This account records Canada's subscriptions to the capital of the European Bank for Reconstruction and Development, as authorized by the *European Bank for Reconstruction and Development Agreement Act*, and various appropriation acts.

At year-end, Canada has subscribed to 34,000 shares of the capital stock of which 30 percent of the subscribed capital is paid-in. These 34,000 shares represent Canada's initial subscription, as authorized by the *European Bank for Reconstruction and Development Agreement Act*. The Act quoted a limit of US \$120 million in respect of the paid-in portion. The subscription for the paid-in portion is being paid over a five-year period starting in 1991. Paid-in shares are purchased using cash and notes payable that are later encashed.

The total value of these shares is \$396,783,400 US, of which 30 per cent or \$119,035,020 US is paid-in capital. The rest is subject to call by the Bank under certain circumstances. As at March 31, 1996, Canada has subscribed to paid-in shares valued at \$119,035,020 US and has outstanding notes payable of \$11,903,502 US. These foreign currency balances were translated into Canadian dollars at the year-end closing rate of exchange (\$1 US/\$1.3591 Cdn).

During the year, transactions involving the paid-in portion included subscriptions in cash and through demand notes, encashments of previous notes payable and revaluation adjustments.

Canada's contingent liability for the callable portion of its shares is \$277,748,380 US.

International Bank for Reconstruction and Development (World Bank)

This account records Canada's subscriptions to the capital of the International Bank for Reconstruction and Development, as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

As at March 31, 1996, Canada has subscribed to 44,795 shares. The total value of these shares is \$5,403,844,825 US, of which \$114,341,194 US plus \$235,319,638 Cdn has been paid-in. The remaining portion is callable. The foreign portion of the payments was translated into Canadian dollars at the year-end closing rate of exchange (\$1 US/\$1.3591 Cdn).

During the year, the only transaction was a revaluation adjustment of \$4.3 million.

The callable portion is subject to call by the Bank under certain circumstances. Canada's contingent liability for the callable portion of its shares is \$5,069 million US.

International Finance Corporation

This account records Canada's subscriptions to the capital of the International Finance Corporation, which is part of the World Bank Group, as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

As at March 31, 1996, Canada has subscribed to 74,268 shares. These shares have a total value of \$74,268,000 US, all of which has been paid-in. The paid-in amounts were translated into Canadian dollars at the year-end closing rate of exchange (\$1 US/\$1.3591 Cdn).

During the year, transactions involving paid-in shares included subscriptions in cash and a revaluation adjustment. Under the 1991 General Capital Increase, Canada plans to subscribe to an additional 7,074 shares over the next year evaluated at \$7.1 million US, which represents a commitment.

Multilateral Investment Guarantee Agency

This account records Canada's subscriptions to the capital of the Multilateral Investment Guarantee Agency, as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

As at March 31, 1996, Canada has subscribed to 2,965 shares. The total value of these shares is \$32,081,300 US, of which \$6,416,260 US is paid-in and the remaining portion is callable. These foreign currency balances were translated into Canadian dollars at the year-end closing rate of exchange (\$1 US/\$1.3591 Cdn).

During the year, the only transactions involving the paid-in portion were revaluation adjustments.

The callable portion is subject to call by the Agency under certain circumstances. Canada's contingent liability for the callable portion of its shares is \$25,665,040 US.

African Development Bank

This account records Canada's subscriptions to the capital of the African Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts (including Foreign Affairs and International Trade Vote L30 *Appropriation Acts No. 1 and No. 2, 1995-96*).

At year-end, authority had been granted for subscriptions of 6,300 paid-in shares and 44,100 callable shares. Paid-in shares are purchased using cash and notes payable that are later encashed.

As at March 31, 1996, Canada's participation to the paid-in capital is \$92,980,995 Cdn for 6,300 paid-in shares and of these paid-in shares, 2,100 were issued in US dollars. The foreign currency balance was translated into Canadian dollars at the year-end closing rate of exchange (\$1 US/\$1.3591 Cdn). During the year, transactions involving paid-in shares included only an adjustment to revalue amounts subscribed in foreign currencies.

The callable shares are subject to call by the Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of \$175,651,308 Cdn and \$380,000,250 US for a total value of \$692,109,648 Cdn.

Asian Development Bank

This account records Canada's subscriptions to the capital of the Asian Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts (including Foreign Affairs and International Trade Vote L30 *Appropriation Acts No. 1 and No. 2, 1995-96*).

At year-end, authority had been granted for subscriptions of 12,961 paid-in shares and 172,125 callable shares. Paid-in shares are purchased using cash and notes payable that are later encashed.

As at March 31, 1996, Canada's participation to the paid-in capital is \$179,268,691 Cdn for 11,388 paid-in shares. Of these paid-in shares, 9,018 were issued in US dollars. The foreign currency balance was translated into Canadian dollars at the year-end closing rate of exchange (\$1 US/\$1.3591 Cdn). During the year, transactions involving paid-in shares included additional subscriptions made through the issuance of non-interest bearing notes. In addition, an adjustment was made at year-end to revalue amounts subscribed in foreign currencies.

The callable shares are subject to call by the Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of \$1,533,210,533 US and \$596,976,219 Cdn for a total value of \$2,680,762,654 Cdn. Of this latter amount, \$1,263,899,800 Cdn represents future callable shares since an agreement with the Bank has not yet been completed.

Caribbean Development Bank

This account records Canada's subscriptions to the capital of the Caribbean Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts (including Foreign Affairs and International Trade Vote L30, *Appropriation Acts No. 1 and No. 2, 1995-96*).

At year-end, authority had been granted for subscriptions of 2,278 paid-in shares and 8,124 callable shares. Paid-in shares are purchased using cash and notes payable that are later encashed.

As at March 31, 1996, Canada's participation to the paid-in capital is \$22,532,031 Cdn for 2,278 paid-in shares. These shares were issued in US dollars. The foreign currency balance was translated into Canadian dollars at the year-end closing rate of exchange (\$1 US/\$1.3591 Cdn). During the year, transactions involving paid-in shares included additional subscriptions in cash and the issuance of notes for the maintenance of value. In addition, an adjustment was made to revalue amounts subscribed in foreign currencies.

The callable shares are subject to call by the Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of \$49,001,856 US for a total value of \$66,598,422 Cdn.

Inter-American Development Bank

This account records Canada's subscriptions to the capital of the Inter-American Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts (including Foreign Affairs and International Trade Vote L30, *Appropriation Acts No. 1 and No. 2, 1995-96*).

At year-end, authority had been granted for subscriptions of 14,397 paid-in shares and 320,490 callable shares. Paid-in shares are purchased using cash and notes payable that are later encashed.

As at March 31, 1996, Canada's participation to the paid-in capital is \$217,193,609 Cdn for 13,054 paid-in shares. These shares were issued in US dollars. The foreign currency balance was translated into Canadian dollars at the year-end closing rate of exchange (\$1 US/\$1.3591 Cdn). During the year, transactions involving paid-in shares included additional subscriptions made through the issuance of non-interest bearing notes, and the encashment of previous notes payable. In addition, an adjustment was made at year-end to revalue amounts subscribed in foreign currencies.

The callable shares are subject to call by the Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of \$3,866,208,681 US for a total value of \$5,254,564,217 Cdn. Of this latter amount, \$1,221,064,385 Cdn represents future callable shares since an agreement with the Bank has not yet been completed.

International Monetary Fund—Enhanced Structural Adjustment Facility

This account records the loan to the International Monetary Fund in order to provide assistance to debt distressed, low-income countries as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

The total loan authority pursuant to the *Bretton Woods and Related Agreements Act* was set at \$550 million or such greater amount as may be fixed by the Governor in Council. The Governor in Council subsequently increased the limit to SDR 500 million.

As at March 31, 1996, Canada has lent a total of 221,843,750 SDR to the Enhanced Structural Adjustment Facility. Of this amount, 8,044,000 SDR has been repaid. The outstanding balance of 213,799,750 SDR was translated into Canadian dollars at the year-end closing rate of exchange (1 SDR /\$1.98593 Cdn). During the year, transactions included a loan in cash, repayments and an exchange valuation adjustment.

Canada has also made budgetary contributions towards an interest subsidy amounting to 46,697,586 SDR, which do not appear in Table 9.13.

International organizations and associations

These items represent the historical value of payments made by the Canadian Government to working capital funds maintained by international organizations of which Canada is a member. Participation in the financing of these working capital funds, on the basis of the scale of assessments, is prescribed by financial regulations for membership in the organizations. Payments into the funds are not subject to interest or repayment schedules, but are recorded by the organizations as credits from member states. Payments by Canada were authorized by appropriation acts.

Global Environment Facility

This account records the funding of a facility for environmental funding in developing countries in the areas of ozone, climate change biodiversity and international waters as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts. Advances to the Global Environment Facility (GEF) are made in non-negotiable, non-interest bearing demand notes that are later encashed.

During the year, transactions included the encashment of previous notes payable.

As at March 31, 1996, advances to the GEF amounted to \$10,000,000 Cdn. Outstanding notes payable amounted to \$1,000,000 Cdn.

International Development Association

This account records Canada's contributions and subscriptions to the International Development Association (IDA), as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts. The contributions and subscriptions to the Association, which is part of the World Bank Group, are used to lend funds to the poorest developing countries for development purposes, on highly favourable terms (no interest, with a 35 to 40 year maturity and 10 years of grace). Contributions and subscriptions to IDA are made in non-negotiable, non-interest bearing demand notes that are later encashed.

During the year, transactions included participation through the issuance of notes payable, as well as the encashment and cancellation of previous notes payable.

As at March 31, 1996, Canada's total participation in IDA amounted to \$4,952,758,061 Cdn. Outstanding notes payable amounted to \$865,816,000 Cdn. It should be noted that subscriptions to the Association represent a very small proportion of Canada's total participation.

International financial institutions

This account records loans and advances for assistance to international financial institutions, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts (including Foreign Affairs and International Trade Vote L25, *Appropriation Acts No. 1 and No. 2, 1995-96*).

In certain cases, loans and advances are made using notes payable that are later encashed. During the year, transactions included loans and advances made through note issuances, encashments of notes issued in previous years, revaluations for foreign currency fluctuations, and other miscellaneous adjustments.

Provincial and Territorial Governments

This category records loans to provinces and territories made under relief acts and other legislation.

Table 9.14 presents a summary of the balances and transactions for the various types of loans and advances that have been made to provincial and territorial governments.

TABLE 9.14
PROVINCIAL AND TERRITORIAL GOVERNMENTS

| | April 1/1995 | Payments and other charges | Receipts and other credits | March 31/1996 |
|--|--------------|-------------------------------|-------------------------------|---------------|
| | \$ | \$ | \$ | \$ |
| NEWFOUNDLAND— | | | | |
| Atlantic Canada Opportunities Agency— | | | | |
| Special areas and highways agreement | 7,933,355 | | 4,026,780 | 3,906,575 |
| Finance— | | | | |
| Federal-provincial fiscal arrange- | | | | |
| ments | 44,303,200 | | 759,292 | 43,543,908 |
| Municipal Development and Loan | | | | |
| Board | 3,138,436 | | 290,286 | 2,848,150 |
| Winter capital projects fund | 6,780,861 | | 36,135 | 6,744,726 |
| | 54,222,497 | | 1,085,713 | 53,136,784 |
| Industry— | | | | |
| Atlantic Development Board carry-over | | | | |
| projects | 558,824 | | 69,808 | 489,016 |
| Atlantic Provinces Power Development | | | | |
| Act | 54,111,803 | | 3,576,962 | 50,534,841 |
| | 54,670,627 | | 3,646,770 | 51,023,857 |
| Total Newfoundland | 116,826,479 | | 8,759,263 | 108,067,216 |
| NOVA SCOTIA— | | | | |
| Atlantic Canada Opportunities Agency— | | | | |
| Special areas and highways agreement | 3,036,888 | | 1,067,581 | 1,969,307 |
| Finance— | | | | |
| Federal-provincial fiscal arrange- | | | | |
| ments | 73,340,800 | 36,259,226 | | 109,600,026 |
| Municipal Development and Loan | | | | |
| Board | 407,522 | | 124,113 | 283,409 |
| Winter capital projects fund | 617,372 | | 617,372 | |
| | 74,365,694 | 36,259,226 | 741,485 | 109,883,435 |
| Industry— | | | | |
| Atlantic Development Board carry-over | | | | |
| projects | 2,115,114 | | 290,909 | 1,824,205 |
| Atlantic Provinces Power Development | | | | |
| Act | 21,343,478 | | 21,343,478 | |
| | 23,458,592 | | 21,634,387 | 1,824,205 |
| Total Nova Scotia | 100,861,174 | 36,259,226 | 23,443,453 | 113,676,947 |
| PRINCE EDWARD ISLAND— | | | | |
| Atlantic Canada Opportunities Agency— | | | | |
| Comprehensive development plan agreement | 7,445,414 | | 517,573 | 6,927,841 |
| Finance— | | | | |
| Federal-provincial fiscal arrange- | | | | |
| ments | 21,315,000 | 7,889,735 | | 29,204,735 |
| Municipal Development and Loan | | | | |
| Board | 404,814 | | 40,343 | 364,471 |
| Winter capital projects fund | 409,453 | | 97,970 | 311,483 |
| | 22,129,267 | 7,889,735 | 138,313 | 29,880,689 |
| Total Prince Edward Island | 29,574,681 | 7,889,735 | 655,886 | 36,808,530 |

TABLE 9.14

PROVINCIAL AND TERRITORIAL GOVERNMENTS—*Continued*

| | April 1/1995 | Payments and other charges | Receipts and other credits | March 31/1996 |
|--|--------------------|-------------------------------|-------------------------------|-------------------|
| | \$ | \$ | \$ | \$ |
| NEW BRUNSWICK— | | | | |
| Atlantic Canada Opportunities Agency— | | | | |
| Special areas and highways agreement | 13,361,203 | | 2,924,266 | 10,436,937 |
| Finance— | | | | |
| Federal-provincial fiscal arrange- ments | 31,230,524 | | 40,381,364 | (9,150,840) |
| Municipal Development and Loan Board | 1,918,344 | | 173,542 | 1,744,802 |
| Winter capital projects fund | 8,425,360 | | 136,448 | 8,288,912 |
| | 41,574,228 | | 40,691,354 | 882,874 |
| Industry— | | | | |
| Atlantic Development Board carry-over projects | (4,996) | | (4,996) | |
| Atlantic Provinces Power Development Act | 22,027,368 | | 2,271,498 | 19,755,870 |
| | 22,022,372 | | 2,266,502 | 19,755,870 |
| Natural Resources— | | | | |
| Regional electrical interconnec- tions | 4,083,422 | | 120,064 | 3,963,358 |
| Total New Brunswick | 81,041,225 | | 46,002,186 | 35,039,039 |
| QUEBEC— | | | | |
| Finance— | | | | |
| Federal-provincial fiscal arran- gements | 192,201,600 | | 173,798,109 | 18,403,491 |
| Municipal Development and Loan Board | 24,413,261 | | 2,982,593 | 21,430,668 |
| | 216,614,861 | | 176,780,702 | 39,834,159 |
| Industry— | | | | |
| Federal Office of Regional Development-Quebec— Special areas and highways agreement | 26,536,695 | | 2,156,548 | 24,380,147 |
| Total Quebec | 243,151,556 | | 178,937,250 | 64,214,306 |
| ONTARIO— | | | | |
| Finance— | | | | |
| Municipal Development and Loan Board | 1,241,140 | | 1,118,363 | 122,777 |
| Winter capital projects fund | 7,305,259 | | 3,495,886 | 3,809,373 |
| Total Ontario | 8,546,399 | | 4,614,249 | 3,932,150 |
| MANITOBA— | | | | |
| Finance— | | | | |
| Federal-provincial fiscal arran- gements | 144,562,000 | | 45,851,818 | 98,710,182 |
| Municipal Development and Loan Board | 512,144 | | 159,682 | 352,462 |
| Winter capital projects fund | 825,344 | | 253,519 | 571,825 |
| | 145,899,488 | | 46,265,019 | 99,634,469 |
| Western Economic Diversification— | | | | |
| Special areas and highways agreement | 526,679 | | 353,919 | 172,760 |
| Total Manitoba | 146,426,167 | | 46,618,938 | 99,807,229 |

TABLE 9.14

PROVINCIAL AND TERRITORIAL GOVERNMENTS—*Concluded*

| | April 1/1995 | Payments and other charges | Receipts and other credits | March 31/1996 |
|---|--------------|-------------------------------|-------------------------------|---------------|
| | \$ | \$ | \$ | \$ |
| SASKATCHEWAN— | | | | |
| Agriculture and Agri-Food— | | | | |
| Agricultural service centres | 2,244,880 | | 543,378 | 1,701,502 |
| Finance— | | | | |
| Federal-provincial fiscal arrangements | 141,319,000 | 121,254,464 | 20,000,000 | 242,573,464 |
| Municipal Development and Loan Board | 83,786 | | 28,119 | 55,667 |
| | 141,402,786 | 121,254,464 | 20,028,119 | 242,629,131 |
| Total Saskatchewan | 143,647,666 | 121,254,464 | 20,571,497 | 244,330,633 |
| ALBERTA— | | | | |
| Finance— | | | | |
| Municipal Development and Loan Board | 870,036 | | 54,972 | 815,064 |
| Winter capital projects fund | 86,796 | | 86,796 | |
| | 956,832 | | 141,768 | 815,064 |
| Western Economic Diversification— | | | | |
| Special areas and highways agreement | 479,049 | | 306,993 | 172,056 |
| Total Alberta | 1,435,881 | | 448,761 | 987,120 |
| BRITISH COLUMBIA— | | | | |
| Finance— | | | | |
| Municipal Development and Loan Board | 1,069,524 | | 233,064 | 836,460 |
| Winter capital projects fund | 2,516,134 | | 1,719,907 | 796,227 |
| Total British Columbia | 3,585,658 | | 1,952,971 | 1,632,687 |
| NORTHWEST TERRITORIES— | | | | |
| Finance— | | | | |
| Winter capital projects fund | 60,275 | | 29,058 | 31,217 |
| Indian Affairs and Northern Development— | | | | |
| Government of the Northwest Territories | 16,450 | | 16,450 | |
| Total Northwest Territories | 76,725 | | 45,508 | 31,217 |
| YUKON TERRITORY— | | | | |
| Indian Affairs and Northern Development— | | | | |
| Government of the Yukon Territory | 1,323,149 | | 398,216 | 924,933 |
| Total Yukon Territory | 1,323,149 | | 398,216 | 924,933 |
| Total | 876,496,760 | 165,403,425 | 332,448,178 | 709,452,007 |

Special areas and highways agreement—Atlantic Canada Opportunities Agency

Loans have been made to finance the development of community and industrial infrastructure projects for special areas, and for highway development.

The loans bear interest at rates from 6.3519 percent to 9.5757 percent per annum, and are repayable in equal annual instalments, with final instalments between April 1, 1996 and April 1, 2005.

Federal-provincial fiscal arrangements

These amounts represent overpayments in respect of provincial equalization entitlements under the *Constitution Acts 1867 to 1982*, the *Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act*, and other statutory authority. These overpayments are non-interest bearing and are recovered in subsequent years.

Municipal Development and Loan Board

Loans have been made, to provinces and municipalities, to augment or accelerate municipal capital works programs.

The loans bear interest at rates from 5.25 percent to 5.625 percent per annum, and are repayable in annual or semi-annual instalments over 15 to 50 years, with final instalments between April 1, 1996 and March 31, 2016.

Winter capital projects fund

Loans have been made, to provinces, provincial agencies and municipalities, to assist in the creation of employment.

The loans bear interest at rates from 7.2 percent to 9.28 percent per annum, and are repayable either in annual instalments over 5 to 20 years, or at maturity, with final repayments between April 1, 1996 and February 28, 1999.

Atlantic Development Board carry-over projects

Loans have been made to finance certain water projects that were carried over from the Atlantic Development Board.

The loans bear interest at rates from 7.5 percent to 8.5 percent per annum, and are repayable over 3 to 10 years at various anniversary amortization dates, with final instalments between July 31, 1999 and April 1, 2006.

Atlantic Provinces Power Development Act

Loans have been made to the Atlantic provinces, to assist in the generation of electrical energy by steam driven generators in the provinces, and in the control and transmission of electric energy.

The loans bear interest at rates from 4.5 percent to 8.5 percent per annum, and are repayable in equal annual instalments over the next 18 years, with final instalments due between March 31, 1997 and March 31, 2014.

Comprehensive development plan agreement

Loans have been made to the Province of Prince Edward Island, to assist in financing the realization of a comprehensive and co-ordinated development plan of the province, pursuant to an agreement with the province, whose territory has been designated a "special rural development area".

The loans bear interest at rates from 6.688 percent to 9.375 percent per annum, and are repayable in equal instalments due at various anniversary dates, with final instalments by March 31, 2005.

Regional electrical interconnections

Loans have been made to assist in financing regional electrical interconnections, under agreements between the Government of Canada and the Provinces of Manitoba, New Brunswick and Nova Scotia.

The remaining unpaid loans, to the Province of New Brunswick, bear interest at 9.35 percent per annum, and are repayable in annual instalments over 31 years, with final instalments on March 31, 2011.

Special areas and highways agreement—Federal Office of Regional Development-Quebec

Loans have been made to finance the development of community and industrial infrastructure projects for special areas, and for highway development.

The loans bear interest at rates from 5.768 percent to 10.164 percent per annum, and are repayable in equal annual instalments, with final instalments between April 1, 1996 and March 31, 2009.

Special areas and highways agreement—Western Economic Diversification

Loans have been made to finance the development of community and industrial infrastructure projects for special areas, and for highway development.

The loans bear interest at rates from 7.1689 percent to 9.9448 percent per annum, and are repayable in equal annual instalments, with final instalments between April 1, 1996 and April 1, 1999.

Agricultural service centres

Loans have been made to provincial and municipal authorities, to assist in the construction or expansion of water supply and waste disposal facilities in key agriculture service centres, which are essential to rural adjustment and urban development in the agricultural portion of the Prairie region.

The loans bear interest at rates from 8.6179 percent to 13.4765 percent per annum, and are repayable in annual instalments using the declining balance method of calculation. The final instalment is due March 31, 2004.

Government of the Northwest Territories

Loans have been made to the Government of the Northwest Territories, for the making of second mortgage loans to municipalities and school districts for capital projects.

The loans were repaid in full during the year.

Government of the Yukon Territory

Loans have been made to the Government of the Yukon Territory, for the following purposes:

| | April 1/1995 | Payments and other charges | Receipts and other credits | March 31/1996 |
|--------------------------|--------------|----------------------------------|----------------------------------|---------------|
| | \$ | \$ | \$ | \$ |
| Second mortgage | 19,461 | | 2,820 | 16,641 |
| Low cost housing | 23,691 | | 12,255 | 11,436 |
| Capital expenditures . . | 387,649 | | 64,792 | 322,857 |
| Outside parties— | | | | |
| Capital projects | 892,348 | | 318,349 | 573,999 |
| | 1,323,149 | | 398,216 | 924,933 |

The loans bear interest at rates from 5.375 percent to 11.375 percent per annum, and are repayable in equal annual instalments over 15 to 35 years, with final instalments between June 30, 1996 and November 24, 2003.

Other Loans, Investments and Advances

This group records loans, investments and advances not classified elsewhere.

Table 9.15 presents a summary of the balances and transactions for the various types of other loans, investments and advances.

TABLE 9.15
OTHER LOANS, INVESTMENTS AND ADVANCES

| | April 1/1995 | Payments and other charges | Receipts and other credits | March 31/1996 |
|---|--------------|-------------------------------|-------------------------------|---------------|
| | \$ | \$ | \$ | \$ |
| Loans and accountable advances— | | | | |
| Foreign Affairs and International Trade— | | | | |
| Missions abroad | 11,940,327 | 702,514,914 | 702,600,381 | 11,854,860 |
| Personnel posted abroad | 12,441,488 | 8,677,468 | 9,943,321 | 11,175,635 |
| | 24,381,815 | 711,192,382 | 712,543,702 | 23,030,495 |
| National Defence— | | | | |
| Imprest accounts, standing advances and authorized loans | 37,630,172 | 555,476,261 | 563,014,691 | 30,091,742 |
| Public Works and Government Services— | | | | |
| Miscellaneous accountable advances | 8,512,908 | 16,840,360 | 19,095,910 | 6,257,358 |
| Miscellaneous accountable imprest and standing advances | 14,803,306 | 1,162,418 | 1,773,010 | 14,192,714 |
| | 23,316,214 | 18,002,778 | 20,868,920 | 20,450,072 |
| Total— Loans and accountable advances | 85,328,201 | 1,284,671,421 | 1,296,427,313 | 73,572,309 |
| Other— | | | | |
| Agriculture and Agri-Food— | | | | |
| Construction of multi-purpose exhibition buildings | 13,841,247 | | 1,137,607 | 12,703,640 |
| Atlantic Canada Opportunities Agency— | | | | |
| Loans to assist industry in the Cape Breton area | 3,442,816 | | | 3,442,816 |
| Loans to enterprises in Newfoundland and Labrador | 4,444,855 | | 103,583 | 4,341,272 |
| | 7,887,671 | | 103,583 | 7,784,088 |
| Canadian Heritage— | | | | |
| Cultural industries | 21,765,570 | 2,480,000 | | 24,245,570 |
| Cultural property | (450) | 450 | | |
| | 21,765,120 | 2,480,450 | | 24,245,570 |
| Citizenship and Immigration— | | | | |
| Transportation and assistance loans | 50,723,907 | 12,136,848 | 12,116,454 | 50,744,301 |
| Finance— | | | | |
| Canadian Commercial Bank | 65,885,768 | | 505,694 | 65,380,074 |
| Ottawa Civil Service Recreational Association | 126,096 | | 4,827 | 121,269 |
| | 66,011,864 | | 510,521 | 65,501,343 |
| Fisheries and Oceans— | | | | |
| Canadian producers of frozen groundfish | 128,315 | | | 128,315 |
| Groundfish processors | 17,025 | | | 17,025 |
| Haddock fishermen | 1,348,337 | | | 1,348,337 |
| | 1,493,677 | | | 1,493,677 |
| Foreign Affairs and International Trade— | | | | |
| Development of export trade (loans administered by the Export Development Corporation) | 67,330,051 | 226,257,738 | 19,501,236 | 274,086,553 |
| Human Resources Development— | | | | |
| Provincial workers' compensation boards | 8,488,000 | 971,467 | | 9,459,467 |
| Indian Affairs and Northern Development— | | | | |
| Council for Yukon Indians | 15,212,779 | 790,171 | 266,632 | 15,736,318 |
| Inuit loan fund (previously Eskimo loan fund) | 920,029 | | 794,412 | 125,617 |
| First Nations in British Columbia | 14,866,299 | 16,393,731 | | 31,260,030 |
| Indian economic development fund | 6,882,075 | 150,000 | 3,001,998 | 4,030,077 |
| Indian housing assistance fund | 316,136 | | 110,040 | 206,096 |
| Native claimants | 261,099,295 | 24,596,936 | 3,285,191 | 282,411,040 |
| Yukon Energy Corporation | 46,214,274 | | 1,400,000 | 44,814,274 |
| | 345,510,887 | 41,930,838 | 8,858,273 | 378,583,452 |

TABLE 9.15

OTHER LOANS, INVESTMENTS AND ADVANCES—*Concluded*

| | April 1/1995 | Payments and other charges | Receipts and other credits | March 31/1996 |
|---|---|--------------------------------------|--------------------------------------|--|
| | \$ | \$ | \$ | \$ |
| Industry— | | | | |
| Canadian defence industry | 986,665 | | 924,150 | 62,515 |
| Company stock option | | | | |
| Manufacturing, processing and service industries in Canada | 110,000,000 <i>110,986,665</i> | | <i>924,150</i> | 110,000,000 <i>110,062,515</i> |
| National Defence— | | | | |
| Canadian Forces housing projects | 8,724,479 | | 895,399 | 7,829,080 |
| Natural Resources— | | | | |
| Hibernia Development Project | | 66,000,000 | | 66,000,000 |
| Hydro-Quebec Research Institute | 5,214,312 <i>5,214,312</i> | <i>66,000,000</i> | 5,214,312 <i>5,214,312</i> | <i>66,000,000</i> |
| Public Works and Government Services— | | | | |
| Defence Production Loan Account | 1,724,007 | | 1,724,007 | |
| Seized Property Working Capital Account | 1,383,632 | 9,834,250 | 10,523,746 | 694,136 |
| PEI Fixed Link | 726,000,000 <i>729,107,639</i> | 46,838,000 <i>56,672,250</i> | <i>12,247,753</i> | 772,838,000 <i>773,532,136</i> |
| Solicitor General—Correctional Service— | | | | |
| Parolees | 24,526 | 14,855 | 21,424 | 17,957 |
| Transport— | | | | |
| Hamilton Harbour Commissioners | 275,000 | | 50,000 | 225,000 |
| Saint John Harbour Bridge Authority | 29,038,617 <i>29,313,617</i> | | 405,126 <i>455,126</i> | 28,633,491 <i>28,858,491</i> |
| Veterans Affairs— | | | | |
| Commonwealth War Graves Commission | 68,085 | | 5,844 | 62,241 |
| Veterans' Land Act Fund— | | | | |
| Advances | 16,780,704 | 1,099,521 | 6,340,400 | 11,539,825 |
| Less: allowance for conditional benefits | 2,800 <i>16,777,904</i> <i>16,845,989</i> | <i>1,099,521</i> <i>1,099,521</i> | <i>6,340,400</i> <i>6,346,244</i> | <i>11,537,025</i> <i>11,599,266</i> |
| Subtotal | 1,483,269,651 | 407,563,967 | 68,332,082 | 1,822,501,536 |
| Add: consolidation adjustment ⁽¹⁾ | 141,791,000 | 116,380,000 | | 258,171,000 |
| Total—Other | 1,625,060,651 | 523,943,967 | 68,332,082 | 2,080,672,536 |
| Total | 1,710,388,852 | 1,808,615,388 | 1,364,759,395 | 2,154,244,845 |

⁽¹⁾ Additional information on consolidated Crown corporations is provided in Section 4 of this volume.

Missions abroad

Non-interest bearing advances have been made for interim financing of expenditures at missions abroad, pending distribution to appropriations of Foreign Affairs and International Trade and other departments and agencies.

The total amount authorized to be outstanding at any time is \$50,000,000.

Personnel posted abroad

A working capital advance account was established to finance loans and advances to employees posted abroad, including employees of other Government departments and agencies, as well as medical advances to locally-engaged staff.

The total amount authorized to be outstanding at any time is \$22,500,000.

The closing balance consists of loans to employees, \$8,833,764; advances for medical expenses, \$1,199,928; security and other deposits under Foreign Service Directives, \$718,775; and, school and club debentures, \$423,168.

The loans to employees bear interest at rates from 4 percent to 14 percent per annum, and are repayable over 1 to 5 years, with final instalments between April 1, 1996 and March 1, 2001.

Imprest accounts, standing advances and authorized loans

This account was established for the purpose of financing: (a) public funds imprest and public funds advance accounts; (b) standing advances; (c) authorized loans and advances to employees posted abroad; and, (d) authorized recoverable advances to establish military messes and canteens.

The total amount authorized to be outstanding at any time is \$100,000,000.

Miscellaneous accountable advances

The closing balance reflects amounts outstanding in the hands of departments, agencies and individuals, at year end, to be expended in the following year.

Miscellaneous accountable imprest and standing advances

This account is operated to provide imprest funds, accountable advances and recoverable advances to departments and agencies.

The total amount authorized to be outstanding at any time is \$22,000,000.

Construction of multi-purpose exhibition buildings

Loans have been made to finance the construction of multi-purpose exhibition buildings.

The loans bear interest at rates from 7.432 percent to 9.375 percent per annum, and are repayable over 20 to 30 years, with final instalments between December 1, 1996 and October 1, 2006.

Loans to assist industry in the Cape Breton area

Loans have been made for the purpose of promoting the establishment, growth, efficiency and international competitiveness of Canadian industry or to assist them in their financial restructuring and to foster the expansion of Canadian trade to a person engaged or about to engage in a manufacturing, processing or service industry in the Cape Breton area.

The loans bear interest at rates from 11 percent to 13.75 percent per annum, and are repayable at various dates, with final instalments by December 12, 2000.

Loans to enterprises in Newfoundland and Labrador

Loans have been made to provide financing to small and medium-sized businesses in Newfoundland.

These loans originated from the Newfoundland and Labrador Development Corporation Limited, of which Canada owned 40 percent of the shares. In an agreement dated March 29, 1989, the Newfoundland government purchased Canada's shares to effect the withdrawal of the Government of Canada from the Corporation. A condition of the withdrawal was that the Government of Canada accept these loans as full payment of moneys owing by the Corporation to Canada. These loans are currently being administered by the Enterprise Newfoundland Labrador on behalf of the Government of Canada.

These loans bear interest at rates from 10 percent to 17 percent per annum, and are repayable at various dates, with final instalments by April 1, 1999.

Cultural industries

Payments have been made to the Cultural Industries Development Fund to establish a program of loans to cultural industries. These loans are made to Canadian owned and controlled firms in cultural industries to encourage the growth of the Canadian book publishing, film and video and sound recording industries.

During the year, additional loans were authorized by Canadian Heritage Vote L21a, *Appropriation Act No. 3, 1995-96*.

Amounts accumulated in the Fund only have to be repaid if the program is terminated. Interest on the loans issued by the Fund is at the prime rate and is fixed for the life of a particular loan.

Cultural property

Loans have been made to institutions and public authorities in Canada, for the purchase of objects in respect of which export permits have been refused under the *Cultural Property Export and Import Act*, or for the purchase of cultural property situated outside Canada which is related to the national heritage.

Although authority for additional loans was provided by Canadian Heritage Vote L20, *Appropriation Acts No. 1 and No. 2, 1995-96*, no loans were made during the year. The total loan authority is \$10,000,000.

Transportation and assistance loans

Section 119 of the *Immigration Act* authorizes the making of loans to immigrants and other such classes of persons.

The total amount authorized to be outstanding at any time is \$110,000,000.

The terms and conditions of the loans, with their year-end balances, are as follows:

- a) repayable by monthly instalments over 1 to 5 years, with a possible deferment of 2 years, bearing interest at rates from 6 percent to 15 percent per annum, with final instalments between April 1, 1996 and April 1, 2003, \$1,397,873; and,
- (b) repayable by monthly instalments over 1 to 5 years, with a possible deferment of 2 years, non-interest bearing, with final instalments between April 1, 1996 and April 1, 2003, \$49,346,428.

Canadian Commercial Bank

Advances have been made to the Canadian Commercial Bank representing the Government's participation in the support group as authorized by the *Canadian Commercial Bank Financial Assistance Act*. These funds represent the Government's participation in the loan portfolio that was acquired from the Bank and the purchase of outstanding debentures from existing holders.

Ottawa Civil Service Recreational Association

Loans have been made to the Ottawa Civil Service Recreational Association, to assist in the building and development of the W Clifford Clark Memorial Centre.

The remaining loan bears interest at the rate of 4.25 percent per annum, and is repayable in equal semi-annual instalments over 45 years, with the final instalment due September 30, 2005.

Canadian producers of frozen groundfish

Loans have been made to Canadian producers of frozen groundfish, canned and frozen crabmeat, and canned and frozen lobster meat, to assist in the financing of inventories.

The loans bore interest at the rate of 13 percent per annum, and were repayable in equal annual instalments over 7 years, with the final instalment in December 1987.

Groundfish processors

Loans have been made to assist processors of groundfish in Canada, who, as determined by the Fisheries Prices Support Board, are unable to obtain sufficient financing on reasonable terms from other sources, to maintain raw fish prices, i.e. prices to primary producers, at the 1966-67 level. The loans bore interest at the rate of 8.75 percent per annum, and were repayable in equal annual instalments over 7 years, with the final instalment in December 1984. No loan repayments nor interest were received since November 1982.

Loans, in the amount of \$3,000,000, have also been made to ice-affected fish plants in Newfoundland, Labrador and North Shore, Quebec, to provide advances for working capital assistance to Canadian producers of groundfish products in Newfoundland and Quebec, who were affected by severe ice conditions in May and June 1974. The loans bore interest at rates from 8 percent to 10 percent per annum, and were repayable in equal annual instalments over 7 years, with the final instalment in December 1985.

Haddock fishermen

Loans have been made to Nova Scotia haddock fishermen whose fishery was closed from February 1 to May 31, 1975, pursuant to an agreement under the International Agreement for the Northwest Atlantic Fisheries. The total loan authority is \$1,650,000.

The loans bore interest at the rate of 8 percent per annum, and were repayable in equal annual instalments over 4 years, with the final instalment in 1979.

Development of export trade

Pursuant to section 23 of the *Export Development Act*, the Governor in Council may authorize the Corporation to make loans where the liability is for a term, or in an amount in excess of that normally assumed by the Corporation. Such loans are financed directly by payments out of the Consolidated Revenue Fund and are administered by the Corporation on behalf of the Government of Canada.

Prior to April 1, 1987, these loans were made under non-budgetary authority. Since April 1, 1987, interest-free or low interest bearing loans are made under budgetary authority because of their concessional nature. Any similar loans that

were issued prior to April 1, 1987 are fully provided for in the allowance for valuation of assets.

The following table presents the balances and transactions for the loans made to the private sector, together with their terms and conditions of repayments. The subtotal of loans to the private sector includes, where applicable, total payments made under both budgetary and non-budgetary authorities. Total payments made under budgetary authority are deducted as a lump sum amount under the caption "budgetary treatment".

| | Payments and other charges | | Receipts and other credits | | March 31/1996 |
|--|-------------------------------|--|-------------------------------|--|---------------|
| | April 1/1995 | Payments or other charges ⁽¹⁾ | Revaluation | Receipts or other credits ⁽²⁾ | |
| | \$ | \$ | \$ | \$ | \$ |
| NON-BUDGETARY LOANS | | | | | |
| (a) 1 to 5 year term, 5.8 percent (London Interbank Offered Rate (LIBOR)) to 8.5 percent interest per annum, with final repayments between February 1995 and February 2001: | | | | | |
| Brazil..... | 4,626,010 | | | 118,378 | 4,507,632 |
| Iran..... | 30,806,558 | 2,709,800 | | 802,794 | 32,713,564 |
| South Africa..... | | 174,897,438 | | 10,332,904 | 160,120,434 |
| | 35,432,568 | 177,607,238 | | 10,332,904 | 197,341,630 |
| (b) 6 to 10 year term, 5.8 percent (LIBOR) interest per annum, with final repayments June 2004: | | | | | |
| Kyrgyzstan..... | | 47,621,179 | 90,821 | | 47,712,000 |
| Total—Non-budgetary..... | 35,432,568 | 225,228,417 | 90,821 | 10,332,904 | 245,053,630 |
| BUDGETARY LOANS | | | | | |
| (a) 11 to 15 year term, 7.85 percent interest per annum, with final repayments between October 1983 and September 2001: | | | | | |
| Antigua..... | 13,923,659 | | | 1,630,168 | 11,519,044 |
| (b) 16 to 20 year term, 0 percent interest per annum, with final repayments in June 2012: | | | | | |
| Thailand..... | 36,674,887 | | | 938,500 | 35,736,387 |
| (c) 40 year term, 0 percent interest per annum, with final repayment in March 2036: | | | | | |
| Antigua..... | 17,973,824 | | | 459,945 | 17,513,879 |
| Subtotal—Budgetary..... | 68,572,370 | | | 1,630,168 | 64,769,310 |
| Less: budgetary treatment..... | 36,674,887 | | 938,500 | | 35,736,387 |
| Total—Budgetary..... | 31,897,483 | | 938,500 | 1,630,168 | 29,032,923 |
| Total..... | 67,330,051 | 225,228,417 | 1,029,321 | 11,963,072 | 274,086,553 |
| SUMMARY | | | | | |
| Total—Non-budgetary..... | 35,432,568 | 225,228,417 | 90,821 | 10,332,904 | 245,053,630 |
| Total—Budgetary..... | 68,572,370 | | | 1,630,168 | 64,769,310 |
| Total..... | 104,004,938 | 225,228,417 | 90,821 | 11,963,072 | 309,822,940 |
| Less: budgetary treatment..... | 36,674,887 | | 938,500 | | 35,736,387 |
| Total..... | 67,330,051 | 225,228,417 | 1,029,321 | 11,963,072 | 274,086,553 |

⁽¹⁾ Payments or other charges may include transactions such as loans, adjustments, etc.

⁽²⁾ Receipts or other credits may include transactions such as repayments, forgiveness, etc.

Provincial workers' compensation boards

This account is operated under the authority of section 4(6) of the *Government Employees Compensation Act*, to provide operating funds to enable provincial compensation boards to administer the Act on behalf of the Crown, and pay claims to Canadian Government employees injured in the course of their employment.

The total amount of advances that is authorized to be made to all provincial workers' compensation boards is not to exceed three months' disbursements for compensation.

The advances are non-interest bearing and are to be repaid on termination of agreements with provincial boards.

Council for Yukon Indians

Loans have been made to the Council for Yukon Indians, to provide interim benefits to elderly Yukon Indians pending settlement of Yukon Indians land claims.

During the year, additional loans were authorized by Indian Affairs and Northern Development Vote L25, *Appropriation Acts No. 1 and No. 2, 1995-96*.

The terms and conditions of the loans are as follows:

- (a) loans made before an agreement-in-principle for the settlement of a claim is reached are non-interest bearing;
- (b) loans made after the date on which an agreement-in-principle for the settlement of a claim has been reached, bear interest at a rate equal to the rate established by the Minister of Finance in respect of borrowings for equivalent terms by Crown corporations; and,
- (c) loans are due and payable, as to principal and interest, on the date on which the claim is settled or on a date fixed in the agreement, which shall be not later than March 31, 2006, whichever date is earlier.

Inuit loan fund (previously Eskimo loan fund)

Loans have been made to individual Inuit or groups of Inuit, to promote commercial activities and gainful occupations. Loans have also been made to co-operative associations, credit unions, caisses populaires or other credit societies incorporated under provincial laws, where the majority of members are Inuit, or to corporations incorporated under the laws of Canada, or provincial laws, where the controlling interest is held by Inuit.

The total amount authorized to be outstanding at any time was reduced from \$7,072,000 to \$6,633,697 by Indian Affairs and Northern Development Vote 37b, *Appropriation Act No. 4, 1995-96*.

The loans bear interest at rates from 5 percent to 19.5 percent per annum, and are repayable over 1 to 15 years, with final instalments between April 1, 1996 and February 2, 2004.

During the year, loans totalling \$538,369 were written off by Indian Affairs and Northern Development Vote 36b, *Appropriation Act No. 4, 1995-96*.

First Nations in British Columbia

Loans have been made to First Nations in British Columbia, to support their participation in the British Columbia Treaty Commission process related to the research, development and negotiation of treaty.

During the year, loans were authorized by Indian Affairs and Northern Development Vote L30, *Appropriation Acts No. 1 and No. 2, 1995-96*.

The terms and conditions of the loans are as follows:

- (a) loans made before an agreement-in-principle for the settlement of a treaty is reached are non-interest bearing;
- (b) loans made after the date on which an agreement-in-principle for the settlement of a treaty has been reached, bear interest at a rate equal to the rate established by the Minister of Finance in respect of borrowings for equivalent terms by Crown corporations; and,
- (c) loans are due and payable, as to principal and interest, on the date on which the treaty is settled, or on a date fixed in the agreement, which shall be not later than March 31, 2006, whichever date is earlier.

Indian economic development fund

Loans have been made for the purposes of economic development of Indians, to Indians or Indian bands, or to individuals, partnerships or corporations, the activities of which contribute or may contribute to such development.

The total amount authorized to be outstanding at any time was reduced from \$53,442,443 to \$50,598,234 by Indian Affairs and Northern Development Vote 7b, *Appropriation Act No. 4, 1995-96*.

The loans bear interest at rates from 5 percent to 21 percent per annum, and are repayable over 4 months to 15 years, with final instalments between April 1, 1996 and April 1, 2008.

During the year, loans totalling \$2,612,271, were written off by Indian Affairs and Northern Development Vote 6b, *Appropriation Act No. 4, 1995-96*.

Indian housing assistance fund

Second mortgage loans have been made to provide financial assistance to Indians and Inuit, for the construction and acquisition of houses and land, in areas other than Indian reserves. The purposes of the account were extended to authorize loans and advances to Indians and Inuit, for repairs or improvements to houses at time of purchase, in areas other than Indian reserves.

The total amount authorized to be outstanding at any time is \$20,000,000.

The loans are non-interest bearing, and are repayable in full by equal annual instalments or forgiveness, or, when the borrower sells the property. Whenever certain conditions of occupancy and maintenance are satisfied, instalments are forgiven at the rate of 10 percent per annum for up to 10 years.

The Indian Housing Assistance Program expired on March 31, 1996. As such, any outstanding balance will be written off in 1996-97 fiscal year unless recovery is possible.

During the year, \$50,993 was forgiven under the authority of Northern Affairs and National Resources Vote L51a, *Appropriation Act No. 9, 1966*.

Loans totalling \$56,100 were also written off by Indian Affairs and Northern Development Vote 6b, *Appropriation Act No. 4, 1995-96*.

Native claimants

Loans have been made to native claimants, to defray the costs related to the research, development and negotiation of claims.

During the year, additional loans were authorized by Indian Affairs and Northern Development Vote L20, *Appropriation Acts No. 1 and No. 2, 1995-96*.

The terms and conditions of the loans are as follows:

- (a) loans made before an agreement-in-principle for the settlement of a claim is reached are non-interest bearing;
- (b) loans made after the date on which an agreement-in-principle for the settlement of a claim has been reached, bear interest at a rate equal to the rate established by the Minister of Finance in respect of borrowings for equivalent terms by Crown corporations; and,
- (c) loans are due and payable, as to principal and interest, on the date on which the claim is settled, or on a date fixed in the agreement, which shall be not later than March 31, 2006, whichever date is earlier.

Yukon Energy Corporation

In accordance with section 4(2) of the *Northern Canada Power Commission Yukon Assets Disposal Authorization Act*, the Northern Canada Power Commission (formerly a Crown corporation) transferred its assets in the Yukon Territory to the Yukon Energy Corporation effective March 31, 1987.

Loans have been made to assist the Yukon Energy Corporation in acquiring the Northern Canada Power Commission Yukon Assets pursuant to section 7(1) of the *Northern Canada Power Commission Yukon Assets Disposal Authorization Act*.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) loans in the amount of \$12,400,000 bear interest at the rate of 9 percent per annum, are repayable in equal principal annual instalments of \$400,000 plus interest, with the final principal instalment on March 31, 1997 of \$12,000,000 plus interest; and,

- (b) loans in the amount of \$32,414,274 bear interest at the rate of 7 percent per annum, are repayable in equal principal annual instalments of \$1,000,000 plus interest with the final instalment on January 1, 2028. The instalment is subject to certain principal deferral and interest abatement provisions depending on the sales volume of electrical power. Clause 2 of the Flexible Term Note allows for reduced payments when sales on the Whitehorse-Arftihik-Fara (WAF) System are less than 310 GWH per year. Accordingly, the level of sales exceeded 310 GWH this fiscal year, as such clause 2 was not applied and no principal and interest was deferred.

Canadian defence industry

Advances have been made to assist Canadian defence industry with plant modernization.

The advances are non-interest bearing, and are repayable over 1 year, with instalments due between April 1, 1996 and July 1, 1997.

Company stock option

Pursuant to section 14 of the *Department of Industry Act*, this account establishes authority, in accordance with terms and conditions prescribed by regulations of the Governor in Council,

- (a) to take, purchase, exercise, assign or sell, on behalf of Her Majesty in Right of Canada, a stock option in a company in connection with the provision of a loan, insurance of a loan, or contribution made to the company by Her Majesty under a program authorized by the Governor in Council where, in the opinion of the Minister,
 - (i) it is necessary to take, purchase, exercise, assign or sell the stock option in order to permit Her Majesty in Right of Canada to benefit from the purchase; or
 - (ii) it is necessary to take, purchase, exercise, assign or sell, the stock option in order to protect the Crown's interest in respect of a loan made or insured, or contribution made; and
- (b) to authorize the sale or other disposition of any capital stock acquired.

During the year, additional purchases were authorized by Industry Vote L15, *Appropriation Acts No. 1 and No. 2, 1995-96*.

Manufacturing, processing and service industries in Canada

This account records loans made to persons engaged or about to engage or assist in manufacturing, processing or service industries in Canada in order to promote the establishment, improvement, growth, efficiency or international competitiveness of such industries or to assist them in their financial restructuring.

During the year, additional loans were authorized by Industry Vote L20, *Appropriation Acts No. 1 and No. 2, 1995-96*.

There is one remaining loan which is interest free unless it goes into default, and otherwise is repayable at maturity on April 1, 2017.

Canadian Forces housing projects

Advances have been made to the Canada Mortgage and Housing Corporation, in respect of loans arranged by the Corporation for housing projects for occupancy by members of the Canadian Forces.

The loans bear interest at rates from 4 percent to 5.75 percent per annum, and are repayable over 35 to 48 years, with final instalments between August 1, 1996 and November 1, 2010.

Hibernia Development Project

Loans have been made to facilitate the implementation of the Hibernia Development Project pursuant to section 14 of the *Department of Industry Act*.

Loan agreements were signed between Canada and each of the three companies involved in the 1993 purchase of Gulf Canada's Hibernia share. Loans of \$132 million will be provided to owners to assist in offsetting the tax consequences of not being able to use the deductions generated by the Hibernia Development Project in the calculation of the companies' taxable income.

Loans in the amount of \$66 million were made on June 30, 1995 as authorized by Natural Resources Vote L15, *Appropriation Acts No. 1 and No. 2, 1995-96*. The remaining \$66 million will be loaned on July 2, 1996.

Loans are interest-free and are repayable in 10 equal annual instalments commencing June 30, 1999, with the final instalment on June 30, 2008.

Hydro-Quebec Research Institute

Loans have been made to the Hydro-Quebec Research Institute, guaranteed by the Province of Quebec, to provide financial assistance for construction and operation of the Institute.

The loans were repaid in full during the year.

Defence Production Loan Account

This account was established under section 18 of the *Defence Production Act*, to record loans or advances for any purpose other than to assist in the construction, acquisition, extension or improvement of capital equipment or works by any person.

Section 19 of the *Defence Production Act* stated that the aggregate of expenditures charged to the Defence Production Revolving Fund (budgetary account), and to this account, shall not at any time exceed by more than \$100,000,000 the aggregate of amounts:

- (a) received from the sale or disposition of materials, substances or defence supplies;
- (b) charged to another appropriation in respect of costs of acquisition, storage, maintenance or transportation of stocks of materials or substances purchased, or of stocks of defence supplies acquired, where such materials, substances or defence supplies may be acquired under that appropriation;
- (c) charged to an appropriation or paid by an agent of Her Majesty or by an associated government, to pay costs incurred in respect of defence supplies, payment for which was made out and charged to the Defence Production Revolving Fund; and,
- (d) received in repayment of a loan or advance previously charged to this account.

A repayment of \$1.7 million owed to this account by CAE Aircraft Ltd was forgiven during the year under the authority of Public Works and Government Services Vote 21a, *Appropriation Act No. 3, 1995-96*.

Seized Property Working Capital Account

This account was established by section 12 of the *Seized Property Management Act*. Expenses incurred, and advances made, to maintain and manage any seized or restrained property and other properties subject to a management order or forfeited to Her Majesty, are charged to this account. This account is credited when expenses and advances to third parties are repaid or recovered and when revenues from these properties or proceeds of their disposal are received.

The total amount authorized to be outstanding at any time is \$50,000,000.

Any shortfall between the proceeds from the disposition of any property forfeited to Her Majesty and the amounts that were charged to this account and that are still outstanding, is charged to a Seized Property Proceeds Account and credited to this account.

PEI Fixed Link

Under the *Northumberland Strait Crossing Act*, the Government is obligated to pay an annual subsidy of \$41.9 million (1992 dollars) to Strait Crossing Finance Inc., a wholly-owned corporation of the Province of New Brunswick, related to the construction of a bridge (known as the PEI Fixed Link) between the Provinces of New Brunswick and Prince Edward Island. Payments of the annual subsidy will begin on May 31, 1997 and continue for 35 years. The payments will be used to retire \$661 million of 4.5 percent real rate bonds issued in October 1993 by Strait Crossing Finance Inc. to finance the construction of the bridge.

As a result of these financial arrangements, the Government of Canada has recorded a liability of \$773 million offset by deferred subsidies which are recorded in this account and which will be amortized to expenditures over the 35-year period ending on April 30, 2032.

Parolees

Loans have been made to parolees and individuals under mandatory supervision, to assist in their rehabilitation.

The total amount authorized to be outstanding at any time is \$50,000.

The loans are non-interest bearing and are repayable before the expiration of the parole period, or within one year from the date the loans were made, whichever period is the shorter. The repayment of a loan or any part thereof may be forgiven by the Solicitor General, if certain conditions are met.

During the year, loans totalling \$14,766 were forgiven pursuant to Solicitor General Vote L103b, *Appropriation Act No. 1, 1969*.

Hamilton Harbour Commissioners

Loans have been made to the Hamilton Harbour Commissioners, to assist in the development of the harbour.

The total amount authorized to be outstanding at any time is \$4,000,000.

The remaining loan bears interest at the rate of 4.125 percent per annum, and is repayable in semi-annual instalments over 39 years, with the final instalment on March 20, 2004.

Saint John Harbour Bridge Authority

Advances have been made to the Saint John Harbour Bridge Authority in connection with the financing, construction and operation of a toll bridge across the harbour of Saint John, NB. The total amount of advances in each year is to be based on the difference for the year between the operating and financing costs of the toll bridge, and the revenue of the Bridge Authority, repayable when the revenue of the Bridge Authority for the year exceeds the amount of the operating and financing costs for such year.

On April 1, 1990, a new agreement was signed. This agreement called for the consolidation of all debts into one non-interest bearing loan. The Authority will remit excess funds from the operation of the bridge to the Government on an annual basis to repay the debt.

Commonwealth War Graves Commission

Advances have been made to the working capital fund of the Commonwealth War Graves Commission, to maintain graves and cemeteries.

At year end, the balance of the advances was £30,000 UK. This balance was converted to Canadian dollars, using the year-end rate of exchange.

The advances are non-interest bearing and have no fixed terms of repayments.

Veterans' Land Act Fund

Advances

Advances have been made, under Parts I and III of the *Veterans' Land Act*, for the acquisition of land, permanent improvements, removal of encumbrances, purchase of stock and equipment, and protection of security. The total amount authorized to be outstanding at any time is \$605,000,000.

Allowance for conditional benefits

A provision equal to 1/10 of the benefits to veterans was established each year up to and including 1978-79. Since that time, a forecast of requirements has been performed each year, and provisions are established as necessary. These provisions are charged to expenditures and credited to the allowance for conditional benefits account. This account represents the accumulated net provisions for benefits to veterans in the form of forgiveness of loans authorized by the *Veterans' Land Act*. These benefits come into effect only after certain conditions are fulfilled by the veterans. At the end of 10 years, the conditions having been met, the accumulated provision is charged to the allowance for conditional benefits account, and credited to the veteran's loan account.

Allowance for Valuation

In accordance with the comprehensive policy on valuation, assets are subject to an annual valuation to reflect reductions from the recorded value to the estimated realizable value.

The allowance for valuation, for loans, investments and advances, represents the estimated losses on the realization of the loans, investments and advances included in the accounts of Canada at year end.

SECTION 10

1995-96

PUBLIC ACCOUNTS OF CANADA

Other Information Related to the Financial Statements

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| Insurance programs of agent enterprise Crown corporations .. | 10.10 |
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OTHER INFORMATION RELATED TO THE FINANCIAL STATEMENTS

This section contains detailed information related to the following:

- contractual commitments;
- insurance programs of agent enterprise Crown corporations;
- contingent liabilities; and,
- international organizations.

Contractual Commitments

A contractual commitment represents a legal obligation to outside organizations or individuals as a result of a contract. The nature of Government activities requires negotiation of contracts that are significant in relation to its current financial position or that will materially affect the level of future expenditures. In the case of contractual commitments to international organizations, some will result in future budgetary expenditures while others will result in non-budgetary payments.

Contractual commitments can be classified into five main categories: transfer payment agreements (grants and contributions), fixed assets and purchases, operating and capital leases, international organizations and benefit and pension plans.

Major capital assets of the Government are either purchased outright or leased. Where a lease transfers substantially all of the benefits and risks incidental to ownership of the property to the lessee, it is considered a capital lease. All other leases are classified as operating leases.

All outstanding contractual commitments of \$50 million or more per project at year end are reported in the case of fixed assets, purchases, operating leases and transfer payment agreements. All capital lease arrangements with total minimum lease

payments remaining at year end in excess of \$1 million per contract are reported. For international organizations, all contractual commitments in excess of \$1 million at year end are reported.

While no details are provided in this section, as indicated in Note 12 to the audited financial statements in Section 1 of this volume, estimated annual expenditures under the *Pension Act* for disability and death arising from military service will approximate \$1,150 million per year over the next few years.

The Government also provides pensions to certain members of the Canadian Forces under the *Defence Services Continuation Act* and the Royal Canadian Mounted Police (RCMP) under the *RCMP Continuation Act*. The estimated obligations of these plans amount to \$90 million and \$140 million respectively.

In accordance with the Government's significant accounting policies, the contractual commitments of consolidated Crown corporations are included with those of the Government.

Table 10.1 summarizes these contractual commitments. Details of the first four types of contractual commitments will be found in other tables in this section.

TABLE 10.1

CONTRACTUAL COMMITMENTS

(in millions of dollars)

| | Transfer payments | Acquisition of property | Operating and capital leases | International organizations | Other | Total |
|---|----------------------|----------------------------|---------------------------------|--------------------------------|-------|--------|
| Information from: | | | | | | |
| Table 10.3 | 11,110 | 3,285 | 971 | | | 15,366 |
| Table 10.4 | | | 3,106 | | | 3,106 |
| Table 10.6 | | | | 1,516 | | 1,516 |
| Pension plans for veterans | | | | | 5,750 | 5,750 |
| Liability under Continuation Acts | | | | | 230 | 230 |
| Total | 11,110 | 3,285 | 4,077 | 1,516 | 5,980 | 25,968 |

Table 10.2 summarizes the information presented in Table 10.1 to indicate the minimum amounts required to satisfy obligations under contractual commitments each year from 1997

to 2001 inclusive, and a total for amounts due in the year 2002 and subsequently.

TABLE 10.2**SCHEDULE OF MINIMUM PAYMENTS**

(in millions of dollars)

| Minimum payments to be made in: | Transfer payment agreements | Acquisition of fixed assets and purchases | Commitments under operating and capital lease arrangements | Commitments to international organizations | Benefit and pension plans | Total |
|---------------------------------|-----------------------------|---|--|--|---------------------------|--------|
| 1997 | 2,891 | 1,552 | 201 | 619 | 1,198 | 6,461 |
| 1998 | 2,242 | 942 | 202 | 322 | 1,198 | 4,906 |
| 1999 | 2,015 | 466 | 204 | 210 | 1,198 | 4,093 |
| 2000 | 2,027 | 248 | 209 | 173 | 1,198 | 3,855 |
| 2001 | 1,802 | 74 | 190 | 104 | 1,188 | 3,358 |
| 2002 and subsequently | 133 | 3 | 3,071 | 88 | | 3,295 |
| Total | 11,110 | 3,285 | 4,077 | 1,516 | 5,980 | 25,968 |

Transfer Payment Agreements, Fixed Assets, Purchases and Operating Leases

Table 10.3 provides details of contractual commitments that involve transfer payment agreements, fixed assets, purchases and operating leases. It discloses individual contractual commitments by category and by entity. Contractual commitments are summarized in Note 12 to the audited financial statements in Section 1 of this volume.

Transfer payment agreements are irrevocable contracts to provide funding to other levels of governments, organizations or individuals.

Fixed assets are tangible, durable items of value, including major additions or alterations thereto, including military equipment and land, from which benefits are expected to be derived during their useful life.

Purchase commitments are commitments supported by a contract to supply goods or services. An operating lease is a lease in which the lessor does not substantially transfer all the benefits and risks incident to ownership of property to the lessee.

TABLE 10.3**TRANSFER PAYMENT AGREEMENTS, FIXED ASSETS, PURCHASES AND OPERATING LEASES AS AT MARCH 31, 1996**

(in millions of dollars)

| | Total estimated cost | Amount contracted | Amount disbursed | Outstanding commitment | Outstanding commitments to be disbursed by March 31 | | | | | 2002 and subsequently |
|---|-----------------------|-------------------|--------------------|------------------------|---|-------|-------|-------|-------|-----------------------|
| | | | | | 1997 | 1998 | 1999 | 2000 | 2001 | |
| Transfer payment agreements— | | | | | | | | | | |
| Canada Mortgage and Housing Corporation (Government account)— | | | | | | | | | | |
| Social Housing Program | 18,232 ⁽¹⁾ | 18,232 | 9,364 | 8,868 ⁽²⁾ | 1,808 | 1,778 | 1,748 | 1,769 | 1,765 | |
| Natural Resources— | | | | | | | | | | |
| Support for the Hibernia Development Project | 974 | 974 | 974 ⁽³⁾ | | | | | | | |
| Indian Affairs and Northern Development— | | | | | | | | | | |
| Comprehensive land claim agreements | | | | | | | | | | |
| Cree Regional Authority (Cree and Naskapi) | 334 | 334 | 154 | 180 | 48 | 44 | 44 | 44 | | |
| Inuit of the Nunavut | 142 | 142 | 49 | 93 | 18 | 12 | 12 | 12 | 12 | 27 |

TABLE 10.3

TRANSFER PAYMENT AGREEMENTS, FIXED ASSETS, PURCHASES AND OPERATING LEASES
AS AT MARCH 31, 1996—Continued

(in millions of dollars)

| | Total estimated cost | Amount contracted | Amount disbursed | Outstanding commitment | Outstanding commitments to be disbursed by March 31 | | | | | 2002 and subse- quently |
|---|----------------------------|----------------------|---------------------|---------------------------|---|------|------|------|------|-------------------------------|
| | | | | | 1997 | 1998 | 1999 | 2000 | 2001 | |
| Council for Yukon final agreements— Implementation costs for: Champagne and Aishihik First Nations Vuntut Gwitch'in First Nation First Nation of Nacho Nyak Dun Teslin Tlingit Council Total cost | 106 | 106 | 23 | 83 | 6 | 22 | 8 | 8 | 8 | 31 |
| Alternative funding arrangements— | | | | | | | | | | |
| Eskasoni Band | 98 | 98 | 58 | 40 ⁽³⁾ | 20 | 20 | | | | |
| Kahnawake Band | 118 | 118 | 70 | 48 ⁽³⁾ | 24 | 24 | | | | |
| Norway House Band | 108 | 108 | 65 | 43 ⁽³⁾ | 23 | 20 | | | | |
| Nuu-Chah-Nulth Tribal Council | 130 | 130 | 103 | 27 ⁽³⁾ | 27 | | | | | |
| Peguis Band | 96 | 96 | 61 | 35 ⁽³⁾ | 18 | 17 | | | | |
| Sagkeeng First Nation Fort Alexander | 92 | 92 | 19 | 73 | 18 | 18 | 18 | 19 | | |
| Innu Takuaikan Mak Mani Utenam | 64 | 64 | 14 | 50 | 13 | 13 | 12 | 12 | | |
| Financial transfer arrangement— | | | | | | | | | | |
| Lesser Slave Lake Indian Regional Council | 128 | 128 | 28 | 100 | 25 | 25 | 25 | 25 | | |
| Blood Band | 239 | 239 | 47 | 192 | 50 | 48 | 47 | 47 | | |
| Kee Tas Kce Now Tribal Council | 70 | 70 | 14 | 56 | 14 | 14 | 14 | 14 | | |
| North Peace Tribal Council | 77 | 77 | 16 | 61 | 16 | 15 | 15 | 15 | | |
| Betsiamites | 81 | 81 | 18 | 63 | 17 | 15 | 16 | 15 | | |
| Manitoba Hydro-Electric Board and the Minister of Northern Affairs, Province of Manitoba for the design and construction of transmission lines and related facilities to supply and distribute electrical power in communities | 87 | 87 | 39 | 48 ⁽³⁾ | 9 | 3 | 8 | 18 | 10 | |
| Canada Infrastructure Works Agreement Indian and Inuit Affairs | 29 | 29 | 24 | 5 ⁽³⁾ | 1 | 4 | | | | |
| Northern Affairs | 6 | 6 | 5 | 1 ⁽³⁾ | 1 | | | | | |
| Atlantic Canada Opportunities Agency— Economic Development Programs Canada/Nova Scotia Co-operation Agreement on Economic Diversification | 99 | 99 | 13 | 86 | 24 | 17 | 21 | 20 | 4 | |

TABLE 10.3

TRANSFER PAYMENT AGREEMENTS, FIXED ASSETS, PURCHASES AND OPERATING LEASES
AS AT MARCH 31, 1996—*Continued*
(in millions of dollars)

| | Total estimated cost | Amount contracted | Amount disbursed | Outstanding commitment | Outstanding commitments to be disbursed by March 31 | | | | | 2002 and subse- quently |
|--|----------------------------|----------------------|---------------------|---------------------------|---|--------------|--------------|--------------|--------------|-------------------------------|
| | | | | | 1997 | 1998 | 1999 | 2000 | 2001 | |
| Other Regional Economic Development Programs | 497 | 497 | 312 | 185 | 132 | 33 | 14 | 6 | | |
| Canada Infrastructure Works Agreement/Atlantic | 181 | 181 | 111 | 70 | 65 | 5 | | | | |
| Industry— Province of Ontario Canada Infra- structure Works Agreement | 722 | 722 | 507 | 215 | 180 | 30 | 5 | | | |
| Federal Office of Regional Development—Quebec— Canada Infrastructure Works Agreement—Quebec | 527 | 467 | 290 | 177 | 177 | | | | | |
| Western Economic Diversification— Canada Infrastructure Program Works Agreement Province of Manitoba | 68 | 41 | 41 | 27 ⁽³⁾ | 23 | 4 | | | | |
| Province of Saskatchewan | 58 | 40 | 40 | 18 ⁽³⁾ | 15 | 3 | | | | |
| Province of Alberta | 173 | 120 | 120 | 53 | 36 | 17 | | | | |
| Province of British Columbia | 225 | 102 | 102 | 123 | 80 | 38 | 5 | | | |
| Subtotal | 23,761 | 23,480 | 12,681 | 11,020 | 2,888 | 2,239 | 2,012 | 2,024 | 1,799 | 58 |
| Consolidated Crown corporation— National Capital Commission— Province of Quebec Road agreement | 271 | 271 | 181 | 90 | 3 | 3 | 3 | 3 | 3 | 75 |
| Total transfer payment agreements | 24,032 | 23,751 | 12,862 | 11,110 | 2,891 | 2,242 | 2,015 | 2,027 | 1,802 | 133 |
| Fixed assets and purchases— Fixed assets— Finance— Equity interest in Hibernia Project | 425 | 425 | 313 | 112 | 67 | 33 | 12 | | | |
| National Defence— Helicopters with integrated logistic support | 1,178 | 944 | 467 | 477 | 265 | 170 | 16 | 13 | 13 | |
| Light armoured reconnaissance vehicle chassis | 565 | 560 | 328 | 232 | 176 | 56 | | | | |
| Maritime coastal defence vessels | 708 | 675 | 352 | 323 | 131 | 119 | 55 | 10 | 8 | |
| Aircraft warfare training capability | 196 | 139 | 102 | 37 ⁽³⁾ | 21 | 14 | 2 | | | |
| Arctic and maritime surveillance aircraft | 1,070 | 1,028 | 1,002 | 26 ⁽³⁾ | 15 | 9 | 2 | | | |
| Canadian Patrol Frigate Program—Warships | 8,946 | 8,531 | 8,313 | 218 | 181 | 35 | 2 | | | |

TABLE 10.3

TRANSFER PAYMENT AGREEMENTS, FIXED ASSETS, PURCHASES AND OPERATING LEASES
AS AT MARCH 31, 1996—Continued

(in millions of dollars)

| | Total estimated cost | Amount contracted | Amount disbursed | Outstanding commitment | Outstanding commitments to be disbursed by March 31 | | | | | 2002 and subse- quently |
|---|----------------------------|----------------------|---------------------|---------------------------|---|------------|------------|------------|-----------|-------------------------------|
| | | | | | 1997 | 1998 | 1999 | 2000 | 2001 | |
| CAE Aviation, procure, install and update avionic systems in CC130 aircraft | 137 | 132 | 33 | 99 | 17 | 45 | 26 | 10 | 1 | |
| Tactical commun- ications system | 1,899 | 1,470 | 853 | 617 | 177 | 154 | 134 | 113 | 39 | |
| Military Air Traffic System | 179 | 71 | 12 | 59 | 22 | 13 | 21 | 3 | | |
| Systemhouse Ltd., Canadian Forces Supply System upgrade | 151 | 151 | 30 | 121 | 43 | 42 | 36 | | | |
| Transport— Automated flight data processing and display systems | 659 | 480 | 341 | 139 | 93 | 43 | 3 | | | |
| Total fixed assets | 16,113 | 14,606 | 12,146 | 2,460 | 1,208 | 733 | 309 | 149 | 61 | |
| Purchases — | | | | | | | | | | |
| Industry— Canadian Space Agency— Radsat Project | 334 | 334 | 334 ⁽³⁾ | | | | | | | |
| Mobile Servicing System for International Space Station | 322 | 322 | 308 | 14 ⁽³⁾ | 14 | | | | | |
| National Defence— Ammunition | 580 | 580 | 255 | 325 | 171 | 71 | 62 | 21 | | |
| Military pilot training | 153 | 153 | 105 | 48 ⁽³⁾ | 31 | 17 | | | | |
| North American Air Defence Modernization— Land, buildings, radar sites and communications equipment | 255 | 255 | 58 | 197 | 53 | 44 | 48 | 52 | | |
| Human Resources Development— EIDS Canada Ltd design and build CSDN and install WAN/LAN | 271 | 113 | 70 | 43 ⁽³⁾ | 21 | 14 | 3 | 5 | | |
| Canada Student Financial Assistance Act (Risk Premium) | 508 | 61 | | 61 | 3 | 12 | 15 | 15 | 13 | 3 |
| Subtotal | 2,423 | 1,818 | 1,130 | 688 | 293 | 158 | 128 | 93 | 13 | 3 |
| Consolidated Crown corporation— Canadian Broadcasting Corporation— Sports rights | 137 | 137 | | 137 | 51 | 51 | 29 | 6 | | |
| Total purchases | 2,560 | 1,955 | 1,130 | 825 | 344 | 209 | 157 | 99 | 13 | 3 |
| Total fixed assets and purchases | 18,673 | 16,561 | 13,276 | 3,285 | 1,552 | 942 | 466 | 248 | 74 | 3 |

TABLE 10.3

TRANSFER PAYMENT AGREEMENTS, FIXED ASSETS, PURCHASES AND OPERATING LEASES
AS AT MARCH 31, 1996—*Concluded*

(in millions of dollars)

| | Total estimated cost | Amount contracted | Amount disbursed | Outstanding commitment | Outstanding commitments to be disbursed by March 31 | | | | | 2002 and subse- quently |
|--|----------------------------|----------------------|---------------------|---------------------------|---|--------------|--------------|--------------|--------------|-------------------------------|
| | | | | | 1997 | 1998 | 1999 | 2000 | 2001 | |
| Operating leases— | | | | | | | | | | |
| Environment— | | | | | | | | | | |
| Lease of land Capilano Indian Reserve No. 5 Vancouver, B.C. | 328 | 328 | 4 | 324 | 4 | 4 | 3 | 5 | 5 | 303 |
| Public Works and Government Services— | | | | | | | | | | |
| Journal Building, Ottawa | 139 | 139 | 14 | 125 | 14 | 14 | 14 | 14 | 14 | 55 |
| Place de Ville "C", Ottawa | 164 | 164 | 17 | 147 | 18 | 18 | 18 | 18 | 18 | 57 |
| 200 Kent St., Ottawa | 97 | 97 | 7 | 90 | 11 | 11 | 12 | 12 | 12 | 32 |
| <i>Subtotal</i> | 728 | 728 | 42 | 686 | 47 | 47 | 47 | 49 | 49 | 447 |
| Consolidated Crown corporations— | | | | | | | | | | |
| National Capital Commission— | | | | | | | | | | |
| Chalmers Building 40 Elgin St., Ottawa | 126 | 126 | 5 | 121 | 4 | 4 | 4 | 4 | 4 | 101 |
| VIA Rail Canada Inc.— | | | | | | | | | | |
| Office space | 117 | 117 | 41 | 76 | 4 | 4 | 5 | 5 | 6 | 52 |
| Rail services | 7 ⁽⁴⁾ | 7 | 7 ⁽³⁾ | | | | | | | |
| Canadian Broadcasting Corporation— | | | | | | | | | | |
| Satellite Lease | 88 | 88 | | 88 | 22 | 22 | 22 | 22 | | |
| <i>Subtotal</i> | 338 | 338 | 53 | 285 | 30 | 30 | 31 | 31 | 10 | 153 |
| Total operating leases | 1,066 | 1,066 | 95 | 971 | 77 | 77 | 78 | 80 | 59 | 600 |
| Grand total | 43,771 | 41,378 | 26,233 | 15,366 | 4,520 | 3,261 | 2,559 | 2,355 | 1,935 | 736 |

(1) The total shown under "Total estimated cost" is a cumulative total of amounts charged to budgetary appropriations since 1992, when particulars of this commitment first were reported in the *Public Accounts of Canada*, plus the outstanding commitment reported at fiscal year end.

(2) The total outstanding amount of this commitment which extends up to 40 years, cannot be determined with any degree of accuracy and hence estimates have been provided covering only the next five fiscal periods. The sum of these amounts (\$8,868 million), should therefore not be interpreted as the total outstanding commitment at March 31, 1996.

(3) Particulars of this commitment, shown for continuity purposes, will not be reported in future years since it has either been retired in full or the outstanding obligation is now less than \$50 million.

(4) The contracted amount for the lease of the Toronto Maintenance Centre land was revised to \$1 (one dollar) per year starting in 1996.

Capital Leases

Table 10.4 provides details of commitments under capital lease arrangements which form part of the summary in Note 12 to the audited financial statements in Section 1 of this volume. A capital lease is a lease that, from the point of view of the Government, transfers substantially all the benefits and risks

incident to ownership of the asset to the Government. Table 10.5 presents commitments under capital lease arrangements in order of maturity. There were no purchase options exercised during the year.

TABLE 10.4

COMMITMENTS UNDER CAPITAL LEASE ARRANGEMENTS

(in thousands of dollars)

| Department and agency identification of capital lease | Inception date | Lease term in years | Fair value of leased property at inception | Total estimated minimum lease payments, full term (excluding executory costs) | Implicit interest rate (%) | Balances at March 31, 1996 | | |
|--|-------------------|---------------------------|--|---|----------------------------------|--|--|---|
| | | | | | | Total estimated remaining mini- mum lease payments | Less: imputed interest, using the implicit interest rate | Net commit- ments under capital lease arrange- ments |
| Indian Affairs and Northern Development— | | | | | | | | |
| Office equipment | Aug 15, 1994 | 3 | 2,389 | 6,396 | 6.77 | 2,923 | 198 | 2,725 |
| Office equipment | Oct 15, 1994 | 3 | 295 | 1,802 | 35.43 | 951 | 337 | 614 |
| | | | 2,684 | 8,198 | | 3,874 | 535 | 3,339 |
| Public Works and Government Services— | | | | | | | | |
| Guy Favreau Building, Montréal | Dec 1, 1983 | 35 | 87,600 | 422,980 | 12.6 ⁽¹⁾ | 284,505 | 199,504 | 85,001 |
| 240 Sparks St, Ottawa | Jan 1, 1979 | 35 | 63,703 | 213,500 | 9.1 ⁽¹⁾ | 108,275 | 55,615 | 52,660 |
| L'Esplanade Laurier, Ottawa. | July 1, 1975 | 35 | 60,374 | 222,715 | 9.4 ⁽¹⁾ | 101,348 | 51,910 | 49,438 |
| Place du Centre, Hull. | Dec 1, 1977 | 30 | 26,201 | 96,600 | 11.2 ⁽¹⁾ | 41,234 | 20,431 | 20,803 |
| Terrasses de la Chaudière, Hull | July 1, 1977 | 35 | 146,084 | 637,380 | 11.4 ⁽¹⁾ | 324,951 | 194,985 | 129,966 |
| Government of Canada Building, (GOCB), Cornwall. | Dec 1, 1984 | 35 | 9,600 | 49,420 | 14.6 ⁽¹⁾ | 33,418 | 24,121 | 9,297 |
| Scarborough (GOCB) | Dec 1, 1984 | 35 | 38,900 | 191,965 | 13.2 ⁽¹⁾ | 133,045 | 95,311 | 37,734 |
| Chatham (GOCB) | June 1, 1985 | 35 | 4,940 | 20,790 | 11.8 ⁽¹⁾ | 14,357 | 9,658 | 4,699 |
| Place Vincent Massey, Hull. | Aug 1, 1986 | 25 | 23,439 | 78,627 | 13.0 ⁽¹⁾ | 48,222 | 26,200 | 22,022 |
| Canada Place, Edmonton. | Oct 1, 1988 | 35 | 105,000 | 438,165 | 11.7 ⁽¹⁾ | 344,273 | 242,377 | 101,896 |
| Louis Saint-Laurent, Hull | Aug 1, 1991 | 25 | 73,000 | 223,925 | 10.8 | 184,926 | 115,664 | 69,262 |
| Block 56, Vancouver | Mar 31, 1995 | 25 | 54,100 | 166,675 | 11.5 | 160,564 | 106,861 | 53,703 |
| | | | 692,941 | 2,762,742 | | 1,779,118 | 1,142,637 | 636,481 |
| Canada Mortgage and Housing Corporation (Government Account)— | | | | | | | | |
| National Office Building, Ottawa. . | Oct 1, 1990 | 25 | 38,982 | 106,195 | 11.77 & 11.57 | 73,893 | 40,385 | 33,508 |
| | | | 731,923 | 2,868,937 | | 1,853,011 | 1,183,022 | 669,989 |
| Consolidated Crown corporation— Canadian Broadcasting Corporation— Canadian Broadcasting Centre, 250 Front St. W., Toronto ⁽¹⁾ | | | | | | | | |
| | Oct 14, 1988 | 50 | 485,111 | 1,424,463 | Varied | 1,249,116 | 837,380 | 411,736 |
| Total | | | 1,219,718 | 4,301,598 | | 3,106,001 | 2,020,937 | 1,085,064 |

⁽¹⁾ Lessors/Lessee's financing rate per lease agreement is subject to change over term of lease.

TABLE 10.5**COMMITMENTS UNDER CAPITAL LEASE ARRANGEMENTS IN ORDER OF MATURITY**

(in thousands of dollars)

| Department and agency | Payments due in | | | | | | | | | | | Total |
|---|-----------------|---------|---------|---------|---------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 to 2006 | 2007 to 2011 | 2012 to 2016 | 2017 to 2021 | 2022 to 2026 | 2027 to 2031 | |
| Indian Affairs and Northern Development | | | | | | | | | | | | |
| Remaining payments | 2,794 | 1,080 | | | | | | | | | | 3,874 |
| Imputed interest | 472 | 63 | | | | | | | | | | 535 |
| Net commitments | 2,322 | 1,017 | | | | | | | | | | 3,339 |
| Public Works and Government Services— | | | | | | | | | | | | |
| Remaining payments | 80,758 | 80,758 | 80,758 | 80,758 | 80,758 | 403,790 | 414,384 | 321,586 | 204,270 | 31,298 | | 1,779,118 |
| Imputed interest | 72,824 | 71,954 | 70,989 | 69,918 | 68,727 | 320,574 | 252,614 | 150,090 | 59,506 | 5,441 | | 1,142,637 |
| Net commitments | 7,934 | 8,804 | 9,769 | 10,840 | 12,031 | 83,216 | 161,770 | 171,496 | 144,764 | 25,857 | | 636,481 |
| Canada Mortgage and Housing Corporation (Government Account)— | | | | | | | | | | | | |
| Remaining payments | 5,169 | 5,169 | 5,169 | 4,785 | 3,634 | 18,170 | 18,170 | 13,627 | | | | 73,893 |
| Imputed interest | 3,782 | 3,616 | 3,430 | 3,010 | 2,280 | 10,000 | 9,250 | 5,017 | | | | 40,385 |
| Net commitments | 1,387 | 1,553 | 1,739 | 1,775 | 1,354 | 8,170 | 8,920 | 8,610 | | | | 33,508 |
| Consolidated Crown corporation— | | | | | | | | | | | | |
| Canadian Broadcasting Corporation— | | | | | | | | | | | | |
| Remaining payments | 35,601 | 37,541 | 40,316 | 43,699 | 46,502 | 142,093 | 200,748 | 200,748 | 200,748 | 200,748 | 100,372 | 1,249,116 |
| Imputed interest | 39,314 | 38,918 | 38,940 | 38,888 | 38,393 | 94,398 | 185,254 | 151,567 | 122,523 | 76,330 | 12,855 | 837,380 |
| Net commitments | -3,713 | -1,377 | 1,376 | 4,811 | 8,109 | 47,695 | 15,494 | 49,181 | 78,225 | 124,418 | 87,517 | 411,736 |
| Summary— | | | | | | | | | | | | |
| Remaining payments | 124,322 | 124,548 | 126,243 | 129,242 | 130,894 | 564,053 | 633,302 | 535,961 | 405,018 | 232,046 | 100,372 | 3,106,001 |
| Imputed interest | 116,392 | 114,551 | 113,359 | 111,816 | 109,400 | 424,972 | 447,118 | 306,674 | 182,029 | 81,771 | 12,855 | 2,020,937 |
| Net commitments | 7,930 | 9,997 | 12,884 | 17,426 | 21,494 | 139,081 | 186,184 | 229,287 | 222,989 | 150,275 | 87,517 | 1,085,064 |

International Organizations

Table 10.6 summarizes commitments made to international organizations which are also summarized in Note 12 to the audited financial statements in Section 1 of this volume. These commitments relate to agreements with international organizations and other sovereign nations, which stipulate that the Government will disburse funds in future years for loans, ad-

vances and paid-in share capital. Some of these disbursements will be in the form of budgetary payments, while others will be non-budgetary. Additional information on these commitments is provided in Table 10.9 and in Note 12 to the audited financial statements in Section 1 of this volume.

TABLE 10.6**INTERNATIONAL ORGANIZATIONS SUMMARY**

(in millions of dollars)

| | Undisbursed loans and advances | Future paid-in share capital | Total |
|---|--------------------------------|------------------------------|-------|
| Non-budgetary share capital and loans | 1,042 | | 1,099 |
| Budgetary loans and advances | 417 | 57 | 417 |
| Total | 1,459 | 57 | 1,516 |

Insurance Programs of Agent Enterprise Crown Corporations

Three Crown corporations currently operate insurance programs as agents of Her Majesty. An insurance program is a program where the insured, an outside party, pays an insurance fee which is credited to an insurance fund or provision operated by the corporation. The amount of the fee is based on the estimated amount of insurance fund or provision needed to meet future claims. Insurance programs operated by private corporations such as employee group insurance, dental plans, etc., are not included in this definition.

The insurance programs are intended to operate on a self-sustaining basis but in recent years, the Deposit Insurance Fund administered by the Canada Deposit Insurance Corporation has required funding from the Government to meet obligations.

Information presented in Table 10.7 has not been audited since the information presented therein is derived from interim financial statements. The most recent annual financial statements of these corporations may be found in the "*President of the Treasury Board's Annual Report to Parliament on Crown Corporations and Other Corporate Interests of Canada*". Insurance programs of agent Crown corporations are summarized in Note 13 to the audited financial statements in Section 1 of this volume.

In Table 10.7, a minus "-" sign preceding the amount reported indicates a fund deficit, an expense recovery or adjustment, or a decrease or loss during the year.

TABLE 10.7

SUMMARY OF INSURANCE PROGRAMS OF AGENT ENTERPRISE CROWN CORPORATIONS
FOR THE YEAR ENDED MARCH 31, 1996

(in millions of dollars)

| | Canada Deposit Insurance Corporation ⁽¹⁾ | | Canada Mortgage and Housing Corporation ⁽²⁾ | | | | | | Export Development Corporation ⁽³⁾ | |
|---|---|---------|--|---------|---|--------|-----------------------|----|---|---------|
| | 1995-96 | 1994-95 | Mortgage Insurance Fund | | Mortgage-Backed Securities Guarantee Fund | | Rental Guarantee Fund | | 1995-96 | 1994-95 |
| Insurance in force as at reporting date..... | 327,757 | 323,895 | 118,600 | 103,900 | 16,601 | 17,519 | * | * | 7,821 | 7,373 |
| Opening balance of Fund... | -1,747 | -1,648 | -72 | 38 | 18 | 12 | 13 | 13 | 156 | 108 |
| Revenues for the year - | | | | | | | | | | |
| Premiums and fees..... | 538 | 513 | 383 | 343 | 9 | 10 | | | 80 | 54 |
| Investment income..... | 11 | 9 | 155 | 78 | 3 | 2 | 1 | | | |
| Other revenues..... | 3 | 10 | 11 | 1 | | | | 1 | | |
| Total revenues..... | 552 | 532 | 549 | 422 | 12 | 12 | 1 | 1 | 80 | 54 |
| Expenses for the year - | | | | | | | | | | |
| Loss on/provision for claims..... | -34 | 430 | 317 | 417 | | | | | 52 | 6 |
| Interest on loans..... | 122 | 182 | | | | | | | | |
| Administrative and tax... | 18 | 19 | 131 | 115 | 5 | 6 | 1 | 1 | | |
| Total expenses..... | 106 | 631 | 448 | 532 | 5 | 6 | 1 | 1 | 52 | 6 |
| Net income/loss (-) for the year..... | 446 | -99 | 101 | -110 | 7 | 6 | | | 28 | 48 |
| Closing balance of Fund..... | -1,301 | -1,747 | 29 | -72 | 25 | 18 | 13 | 13 | 184 | 156 |
| Net claims during the year ⁽⁴⁾ | -644 | -152 | 311 | 342 | * | * | * | * | 33 | 7 |
| Five year average of net claims paid..... | 88 | 232 | 274 | 218 | * | * | * | * | 15 | 12 |

* Not applicable.

(1) The Canada Deposit Insurance Corporation (CDIC) provides insurance on deposits placed with member banks and trust and loan companies for up to \$60,000 per depositor, per institution. In recent years, premiums paid by member institutions have not been sufficient to meet obligations incurred by CDIC under the insurance plan. This deficiency has been funded, in part, by loans from the Government of \$1,627 million at March 31, 1996 (\$2,160 million at March 31, 1995). The Government is continuing to explore alternatives to allow CDIC, over the long run, to eliminate its deficiency without budgetary support from the Government. Since there is no reason to believe that this will not be the case, no provision has been made in the accounts of Canada for the losses experienced by CDIC.

(2) Canada Mortgage and Housing Corporation (CMHC) administers three funds of which the Mortgage Insurance Fund (MIF) and the Mortgage-Backed Securities Guarantee Fund are active. The MIF provides insurance for a fee, to private sector lending institutions to cover mortgage lending on Canadian housing. Besides establishing a framework of confidence for mortgage lending by private institutions, the Fund facilitates an adequate supply of mortgage funds by reducing the risk to lenders and by encouraging the secondary market trading of mortgages, to make housing more accessible for Canadians. An actuarial study of the MIF as of September 30, 1995 disclosed that the Fund had a pre-tax deficit of \$23.8 million. The Mortgage-Backed Securities (MBS) program was implemented in 1987. For a fee paid by approved financial institutions, CMHC and ultimately the Government guarantee timely payment of principal and interest to MBS investors who participate in a pool of MIF insured first residential mortgages which have been repackaged by the financial institution into investments of \$5,000 denominations. Since 1984, the Corporation has also operated the Mortgage Rate Protection Program (MRPP). As premiums collected by CMHC for the Program are remitted directly to the Consolidated Revenue Fund (CRF) and obligations of the MRPP are ultimately payable from the CRF, the Mortgage Rate Protection Program does not meet the definition of a Crown corporation insurance plan as defined above. Therefore, operating particulars of this Program are not included in this summary but some information will be found in the notes to the Government of Canada Statement of Contingent Liabilities.

(3) The Export Development Corporation provides export and foreign investment insurance to Canadian businesses to facilitate and develop export trade. The insurance fund has been adequate to provide for the full cost of claims experienced to date and to establish an allowance for future claims based on previous claims experience.

(4) Refers to the difference between claims and amounts received from sales of related assets and other recoveries.

Contingent Liabilities

A contingent liability is a potential liability which may become an actual liability when one or more future events occur or fail to occur.

For the purpose of reporting contingent liabilities, the Government of Canada is defined as all organizations which are accountable for the administration of their affairs and resources either to a Minister of the Government or directly to Parliament, and which are owned or controlled by the Government. Except for Government enterprises, all Government organizations are accounted for in the financial statements by consolidation. Government enterprises are accounted for by the cost method and are defined to be those corporate organizations that sell goods and services to individuals and non-government organizations as their principal activity, and are not appropriation-dependent.

Consequently, the contingent liabilities of consolidated Crown corporations are included with those of the Government in Table 10.8 but in summary form only. For further details of contingent liabilities of consolidated Crown corporations, refer to Table 4.4—"Contingent Liabilities of Consolidated Crown Corporations". Particulars of contingent liabilities of enterprise Crown corporations are not consolidated with those of the Government but details of these contingencies may be found in Table 9.9—"Contingent Liabilities of Enterprise Crown Corporations". However, the borrowings of agent enterprise Crown corporations are reported with the contingent liabilities of the Government in compliance with the *Financial Administration Act*. In accordance with section 54 of the Act, the repayment of all money borrowed by agent enterprise Crown corporations is payable out of the Consolidated Revenue Fund. Such borrowings therefore, constitute potential obligations of the Government and are reported as such in Table 10.8. Three agent enterprise Crown corporations also operate insurance programs. Information regarding these insurance programs can be found in Table 10.7 of this section.

The contingent liabilities of the Government include borrowings by agent Crown corporations (net of allowance for losses), from non-government sources and explicit guarantees by the

Government for borrowings by non-agent Crown corporations from the private sector. In other cases, the Government has agreed to guarantee loans made by agent enterprise Crown corporations to Indians for on-reserve housing. As well, the Government has also guaranteed collectively or specifically the loans of certain individuals and companies that they obtained from financial institutions in the private sector. These explicit guarantees cover guarantee programs of the Government, explicit guarantees by the Government for loans, financial arrangements and other potential liabilities, insurance programs of the Government and other explicit guarantees. They also comprise potential losses arising from pending and threatened litigation relating to claims and assessments in respect of breach of contract, damages to persons and property, and like items. Pending and threatened litigation is reported in total as are the contingent liabilities of consolidated Crown corporations in the following table. Also included, are contingent liabilities related to present and future callable share capital and lines of credit for international organizations.

Contingent liabilities other than loan guarantees and borrowings of agent enterprise Crown corporations, are recorded in the accounts when they become actual liabilities. Losses on loan guarantees are accrued in the accounts through a valuation allowance calculation when it is likely that a payment will be made in the future to honour a guarantee and where the amount of the anticipated loss can be reasonably estimated. The amount of the allowance is determined by taking into consideration the nature of the loan guarantee, loss experience and the use of other measurement techniques. Borrowings of agent enterprise Crown corporations are recorded as liabilities through a valuation allowance for the portion not expected to be repaid directly by these corporations.

Also included in Table 10.8 are contingent liabilities related to present and future callable share capital and lines of credit for international organizations. These contingent liabilities may result in non-budgetary future payments.

The following table is also summarized in Note 14 to the financial statements of the Government in Section 1 of this volume.

TABLE 10.8
STATEMENT OF CONTINGENT LIABILITIES
AS AT MARCH 31, 1996

| | Authorized limit (where applicable) ⁽¹⁾ | Contingent liability ⁽²⁾ | Percentage of expected losses to outstanding guarantees (where applicable) ⁽³⁾ |
|---|---|--|--|
| | \$ | \$ | % |
| GUARANTEES BY THE GOVERNMENT OF | | | |
| Borrowings by enterprise Crown corporations which are agents of Her Majesty | | 25,370,185,000 ⁽⁴⁾ | 16.5 |
| Borrowings by other than enterprise Crown corporations | | | |
| From agents | | | |
| Loans to Indians by the Canada Mortgage and Housing Corporation and the Farm Credit Corporation, for on-reserve housing | 1,200,000,000 | 83,281,772 ⁽⁵⁾ | |
| From other than agents | | | |
| Guarantee programs of the Government | | | |
| Canada Student Loans Act | 10,830,394,150 ⁽⁶⁾ | 4,186,222,365 | 10.9 |
| Small Business Loans Act | 2,363,021,822 ⁽⁶⁾ | 1,378,823,555 | 31.1 |
| Farm Improvement Loans Act and Farm Improvement and Marketing Cooperatives Loans Act | | 650,121,961 | 1.7 |
| Advance Payments for Crops Act | 400,000,000 | 112,644,052 | 0.9 |
| Atlantic Enterprise Program | 34,255,120 | 34,255,120 ⁽⁷⁾ | 55.5 |
| Enterprise development program and Canadian Industrial Renewal Board | 1,110,744,880 | 5,919,521 ⁽⁸⁾ | |
| Fisheries Improvement Loans Act | 1,050,178 ⁽⁶⁾ | 991,031 | |
| Regional Development Incentives Act | 20,304,075 | 361,807 | |
| Loans to Indians by approved lenders for on-reserve housing | | 883,322,243 ⁽⁵⁾ | |
| Financial obligations incurred by air carriers regarding purchase of The de Havilland Aircraft of Canada, Limited DHC7 and DHC8 aircraft | 964,775,000 ⁽¹⁰⁾ | 389,990,664 ⁽¹⁰⁾ | 5.9 |
| Aboriginal Economic Program | 3,130,000 | 2,660,500 | |
| Indian economic development | 33,022,107 ⁽¹¹⁾ | 2,069,069 ⁽⁵⁾ | |
| Time Air (1982) Ltd | 10,000,000 | 1,596,242 | |
| | 15,770,697,332 | 7,648,978,130 | |
| Other explicit loan guarantees ⁽¹²⁾ | | | |
| Loans with respect to the <i>Hibernia Development Project Act</i> | 1,660,000,000 | 1,521,362,650 ⁽¹⁰⁾ | |
| Loans to NewGrade Energy Inc to finance construction of a heavy oil upgrader | 275,000,000 | 164,543,253 | |
| Loan by First Union Commercial Corporation to Air Canada for purchase of aircraft | 61,159,500 | 55,179,460 | |
| Loans to Government of Romania | 27,000,000 | 24,000,000 | |
| Loan to PWA Corporation for operating purposes | 50,000,000 | 21,072,500 | |
| Loans to Government of Hungary | 15,000,000 | 13,500,000 | |
| Loan to Seafreez Food Limited for acquisition of assets | 15,000,000 | 2,856,823 | |
| Loans to Marine Industries Limited for acquisition of assets | 55,000,000 | 1,500,000 | |
| | 2,158,159,500 | 1,804,014,686 | |
| Insurance programs of the Government ⁽¹³⁾ | | | |
| Accounts administered for the Government by the Export Development Corporation—Insurance and related guarantees | 13,000,000,000 ⁽¹⁴⁾ | 979,382,697 | |
| Insurance against accidents at nuclear installations under the <i>Nuclear Liability Act</i> ⁽¹⁵⁾ | 600,000,000 | 589,455,679 | |
| Insurance under the Fishing Vessel Insurance Plan ⁽¹⁶⁾ | 28,708,344 | 120,646,245 | |
| | 13,628,708,344 | 1,689,484,621 | |

TABLE 10.8

STATEMENT OF CONTINGENT LIABILITIES

AS AT MARCH 31, 1996—Continued

| | Authorized limit (where applicable) ⁽¹⁾ | Contingent liability ⁽²⁾ | Percentage of expected losses to outstanding guarantees (where applicable) ⁽³⁾ |
|---|---|--|--|
| | \$ | \$ | % |
| Other explicit guarantees ⁽¹⁷⁾ | | | |
| Guarantees under the <i>Prairie Grain Advance Payments Act</i> | | 233,351,832 | 3.4 |
| Guarantees under Section 19 of the <i>Wheat Board Act</i> | | 138,919,000 ⁽¹⁸⁾ | |
| Guarantees to holders of mortgages insured by the Mortgage Insurance Company of Canada | | 28,614,000 | |
| Guarantees under the <i>Agricultural Products Cooperative Marketing Act</i> | | 6,166,592 | 16.2 |
| Guarantee of electricity sales by Yukon Energy Corporation to Curragh Resources Inc. | 300,000 | 300,000 ⁽¹⁹⁾ | |
| | <u>300,000</u> | <u>407,351,424</u> | |
| Total gross guarantees | <u>32,757,865,176</u> | <u>37,003,295,633</u> | |
| Less: allowance for losses | | 5,440,000,000 ⁽²⁰⁾ | |
| Net exposure under guarantees | | 31,563,295,633 | |
| INTERNATIONAL ORGANIZATIONS | | 17,767,550,504 ⁽¹⁰⁾⁽²¹⁾ | |
| CLAIMS AND PENDING AND THREATENED LITIGATION | | 10,491,392,238 ⁽¹⁰⁾⁽²²⁾ | |
| COMPREHENSIVE NATIVE LAND CLAIMS | | 622,777,485 ⁽²³⁾ | |
| Subtotal ⁽²⁴⁾ | | 60,445,015,861 | |
| CONTINGENT LIABILITIES OF CONSOLIDATED CROWN CORPORATIONS | | 34,890,000 ⁽²⁵⁾ | |
| TOTAL | | <u>60,479,905,861</u> | |

(1) The authorized limits indicated in the above statement represent the aggregate total of various types of authorities of Government bodies as stipulated in legislation, legal agreements or other documents that may be in force at any one time.

(2) A contingent liability is a potential liability which may become an actual liability when one or more future events occur or fail to occur.

(3) The percentage of expected losses is calculated, where applicable, by dividing the amount of allowances for loan guarantees by the amount of the corresponding outstanding guarantees computed as at March 31, 1996.

(4) Borrowings by agent enterprise Crown corporations in accordance with section 54 of the *Financial Administration Act*, are considered potential obligations of the Government and are therefore included in this statement. Outstanding borrowings for these Crown corporations as at March 31, 1996 are summarized as follows:

(in thousands of dollars)

| | |
|---|-------------------|
| Canada Lands Company Limited | 63,526 |
| Canada Mortgage and Housing Corporation | 5,906,037 |
| Canada Post Corporation | 198,994 |
| Canadian Wheat Board, The | 6,377,342 |
| Export Development Corporation | 7,673,336 |
| Farm Credit Corporation | 1,582,345 |
| Business Development Bank of Canada | 3,045,155 |
| Freshwater Fish Marketing Corporation | 9,673 |
| Petro-Canada Limited | 489,573 |
| Royal Canadian Mint | 4,500 |
| Saint John Port Corporation | 19,696 |
| Seaway International Bridge Corporation, Ltd. The | 8 |
| Total | <u>25,370,185</u> |

(5) Includes committed guarantees for the following loans to be made: to Indians for on-reserve housing, \$86,606,022 and for Indian economic development, nil. At March 31, 1996, no loans have been reported issued for these amounts by lenders. However, since past history indicates that over 95% of these loans will be or have been advanced to clients, these amounts are included as contingencies.

(6) The Act places limits on the maximum amount of guarantee for loans made by eligible lenders over different loan periods. The maximum amount of guarantee by lender is expressed in legislation as a percentage of aggregate loans made to qualified borrowers and varies according to the dollar value range of aggregate loans made by the lender. The authorized limits for given loan periods are included in the figure reported until all qualified loans made by all eligible lenders in the given periods are no longer outstanding, and are not adjusted for loan repayments nor payments made by the Government for guaranteed amounts in which default has occurred.

(7) The Atlantic Enterprise Program offers loan insurance on new term loans for the establishment, expansion or modernization of commercial operations in eligible sectors in the Atlantic provinces where the Program is administered by the Atlantic Canada Opportunities Agency (\$31,313,805 as at March 31, 1996) and in the Gaspé Peninsula and Magdalen Islands of Quebec where administration of the Program is the responsibility of the Federal Office of Regional Development - Quebec (\$2,855,509 as at March 31, 1996). The Department of Industry has responsibility for all capital projects in excess of \$20 million in the Atlantic provinces (\$85,806 as at March 31, 1996).

(8) There are no loan guarantees attributable to the Canadian Industrial Renewal Board.

(9) The authorized limit for loan guarantees for on-reserve housing totals \$1.2 billion (as shown above) for loans made by the Canada Mortgage and Housing Corporation, the Farm Credit Corporation and other approved lenders.

(10) Amount denominated wholly or partially in a foreign currency and translated at the closing rate of exchange as at date of the statement.

TABLE 10.8
STATEMENT OF CONTINGENT LIABILITIES
AS AT MARCH 31, 1996—Concluded

- (11) The maximum aggregate amount that may be paid or that may have been paid from the Consolidated Revenue Fund (CRF) relative to Indian economic development in previous, current or subsequent years, with respect to all guarantees authorized and granted, is set at \$60 million. As at March 31, 1996, \$26,977,893 has been expended from the CRF leaving a balance of \$33,022,107 available for disbursement.
- (12) Ridley Terminals Inc. (RTI) became a wholly-owned subsidiary of Canada Ports Corporation, an enterprise agent Crown corporation, on July 30, 1991. Canada Ports Corporation has arranged long-term financing (\$179,500,000 as at March 31, 1996) with an agent Crown corporation to facilitate the acquisition of RTI, payment of which has been guaranteed by the Government. The lending Crown corporation has in turn borrowed from a private sector bank and an appropriate provision has been made in the accounts of Canada in accordance with Note 4 above and Note 20 which follows. Consequently, a contingent liability does not exist in this situation.
- (13) Since 1984, the Canada Mortgage and Housing Corporation (CMHC) has operated the Mortgage Rate Protection Program on behalf of the Government. In return for payment of a premium, CMHC will reimburse homeowners 75 percent of any increase in monthly mortgage payments, above a deductible, due to higher interest rates at the time of mortgage renewal. As recent mortgage interest rates have been relatively stable, the Program is not widely utilized and loans covered by the Program at March 31, 1996 amounted to only \$911,000 (\$911,000 at March 31, 1995). Premiums collected by CMHC are remitted directly to the Consolidated Revenue Fund (CRF) and obligations are ultimately payable from the CRF. Because of the nature of the Program, it is not possible to estimate the amounts, if any, that might be payable at some future date.
- (14) The *Export Development Act* specifies that Export Development Corporation may enter into contracts of insurance, re-insurance, related guarantees and other agreements up to a maximum of \$13 billion, the authorized limit.
- (15) There have been no claims under the *Nuclear Liability Act* since its inception in 1970. The Act covers 8 Canadian nuclear installations as at March 31, 1996.
- (16) The Fishing Vessel Insurance Plan is administered by the Government to assist fishermen in meeting abnormal capital losses. A consolidated specified purpose account is credited with all amounts received by way of premiums, recoveries and with advances in accordance with regulations by the Government, such advances not to exceed \$150,000 at any time. The account is debited with refunds of premiums and payments in settlement of third party vessel collision damage claims against fishermen, where the collision involves a vessel insured under the Plan. As at March 31, 1996, the insured value of vessels under the Plan amounted to \$120,646,245; the balance of the account was \$28,558,344 and outstanding claims against the Plan amounted to \$1,400,000. No new policies were issued under the Plan after February 28, 1995 and coverage expired for all policy holders on March 31, 1996. Policy holders have a year in which to make claims after an incident. Contingent liability will therefore cease on March 31, 1997 and only claims made before this date will be considered.
- (17) A letter of comfort has been provided to the Bank of Canada by the Minister of Finance on behalf of the Government, pledging to seek Parliament's authority to indemnify the Bank of Canada for any losses that may arise in respect of a swap facility with the Bank of Mexico up to an amount of \$1.5 billion Cdn, pursuant to the North American Framework Agreement. There are no drawings outstanding under this facility as at March 31, 1996.
- (18) The Government has guaranteed payment of present and future liabilities, indebtedness, or other obligations of the Canadian Wheat Board (CWB) arising from default by sovereign purchasers of grain on credit under the Credit Grain Sales Program. At March 31, 1996, approximately \$6.5 billion was recorded as a receivable on the books of the Board for such sales. CWB borrowings from outside parties amounting to \$6.4 billion as at the same date, are considered to be a potential liability of the Government under section 54 of the *Financial Administration Act* and are recorded elsewhere on this statement (see note 4 above). The amount of \$138.9 million represents the residual contingency (receivables less borrowings) to the Government under the guarantee at year-end.
- (19) The Government has agreed to pay Yukon Energy Corporation up to \$300,000 per year up to March 31, 1997 should electricity sales to Curragh Resources Inc. fall below specified limits.
- (20) Included in the allowance for probable losses is \$4,190 million (\$4,290 million in 1995) for borrowings of agent enterprise Crown corporations.
- (21) The Government has contingent liabilities for callable share capital and future callable share capital related to shares in certain international organizations. The Government has also issued lines of credit to international organizations to finance future lending. Because these contingent liabilities relate to non-budgetary share capital and loans, there would be no impact on budgetary expenditures if these potential liabilities become actual liabilities, as cash would simply be exchanged for another asset. See Table 10.9 for more details of these contingencies.
- (22) Classified as follows:

(in millions of dollars)

| | |
|---|--------|
| a. alleged breach of written, verbal or statutory contracts including construction disputes | 430 |
| b. damage to property including loss of income | 731 |
| c. physical and mental injury including accidents and false imprisonment | 365 |
| d. expropriation and land claims | 5,612 |
| e. miscellaneous | 3,353 |
| Total | 10,491 |

Included in (d.) above is \$4.9 billion, a major portion of which consist of aboriginal statutory and treaty obligations representing plaintiffs' claims in 127 litigation cases. There are another 232 similar cases for which amounts are not stated in the claims, and for which it is not possible to determine the amounts that may be ultimately payable. In addition, the Government has 331 cases, not yet in litigation, totalling \$646 million of which are also included in (d.). Of this latter amount, 109 cases amounting to \$456 million represent plaintiffs' claims at the negotiation stage. The amount involved for the remaining 222 claims cannot be determined at this time and no amount for such claims is shown.

Included in (e.) above is \$1,760 million with respect to tax refunds that are significant and were under appeal to the Federal Court of Canada or the Supreme Court of Canada at March 31, 1996.

- (23) The Government has 69 comprehensive aboriginal land claims either under negotiation, accepted for negotiation or under review. Of the 69 comprehensive claims, 10 claims relating to the Council for Yukon Indians and two pertaining to the Dene-Metis are in the final stages of negotiation. Should negotiations be ratified, the Government would be liable to pay financial compensation over a number of years as follows:

(in millions of dollars)

| | |
|---------------------------------------|-----|
| Council for Yukon Indians | 163 |
| Portion of the Dene/Metis claim | 197 |
| Implementation costs | 360 |
| Total | 263 |
| | 623 |

The remaining 57 comprehensive claims have not yet been quantified.

- (24) Contingent gains. A contingent gain is a potential gain or possible recovery that may become an actuality when one or more future events occur or fail to occur. Five departments reported contingent gains as at March 31, 1996 totalling \$87 million.

- (25) In accordance with the Government's significant accounting policies, the contingent liabilities of Crown corporations that rely on Government funding as their principal source of revenue, are consolidated with those of the Government.

International Organizations

Table 10.9 summarizes the contingent liabilities and commitments for international organizations according to whether they would result in the disbursement of funds for non-budgetary share capital and loans, or for budgetary loans and advances. Non-budgetary share capital and loans are considered to be assets of the Government, whereas budgetary loans and advances are considered to be transfer payments to the organizations or countries involved.

Within contingent liabilities, callable share capital represents the portion of Canada's capital subscriptions that has not yet been paid-in. Callable capital is subject to call by offshore banks in the event that they were unable to meet their obligations. Future callable share capital consists of callable share capital related to subscriptions that Canada has made a commitment to purchase in future. As well, lines of credit that have been made available to international organizations to finance future lending activities are included as contingent liabilities.

Commitments reported in this table include loans and advances to international organizations and developing countries, which Canada has agreed to disburse in the future. Future paid-in share capital represents commitments made by Canada for future purchases of non-budgetary share capital in international organizations. The amounts reported in Table 10.9 as undisbursed loans and advances and as future paid-in share capital exclude notes that have been issued and that are still unpaid as at March 31, 1996.

Table 10.9 provides additional information on contingent liabilities for international organizations that are summarized in Table 10.8 and contractual commitments for international organizations that are summarized in Table 10.6. Information contained in this table is also summarized in Notes 12 and 14 to the financial statements which are included in Section 1 of this volume.

TABLE 10.9
INTERNATIONAL ORGANIZATIONS
CONTINGENT LIABILITIES AND COMMITMENTS
(in millions of dollars)

| | Contingent liabilities ⁽¹⁾ | | | | Commitments ⁽¹⁾ | | |
|---|---------------------------------------|-------------------------------|-----------------|---------------|--------------------------------|------------------------------|--------------|
| | Callable share capital | Future callable share capital | Lines of credit | Total | Undisbursed loans and advances | Future paid-in share capital | Total |
| NON-BUDGETARY SHARE CAPITAL AND LOANS— | | | | | | | |
| African Development Bank..... | 692 | | | 692 | | | |
| Asian Development Bank..... | 1,417 | 1,264 | | 2,681 | | 25 ⁽²⁾ | 25 |
| Caribbean Development Bank..... | 67 | | | 67 | | | |
| Inter-American Development Bank..... | 4,033 | 1,221 | | 5,254 | | 22 ⁽²⁾ | 22 |
| International Bank for Reconstruction and Development (World Bank)..... | 6,889 | | | 6,889 | | | |
| Multilateral Investment Guarantee Agency..... | 35 | | | 35 | | | |
| European Bank for Reconstruction and Development..... | 378 | | | 378 | | | |
| International Finance Corporation..... | | | | | | 10 | 10 |
| International Monetary Fund..... | | | 1,772 | 1,772 | 552 | | 552 |
| Developing countries—Canada Account..... | | | | | 490 | | 490 |
| Subtotal..... | 13,511 | 2,485 | 1,772 | 17,768 | 1,042 | 57 | 1,099 |
| BUDGETARY LOANS AND ADVANCES— | | | | | | | |
| Caribbean Development Bank - Special..... | | | | | 12 ⁽²⁾ | | 12 |
| Global Environment Facility Trust Fund..... | | | | | 37 ⁽²⁾ | | 37 |
| Inter-American Development Fund..... | | | | | 16 ⁽²⁾ | | 16 |
| Montreal Protocol Fund..... | | | | | 6 ⁽²⁾ | | 6 |
| International Monetary Fund..... | | | | | 285 ⁽²⁾ | | 285 |
| Developing countries—Canada Account..... | | | | | 61 ⁽²⁾ | | 61 |
| Subtotal..... | | | | | 417 | | 417 |
| Total..... | 13,511 | 2,485 | 1,772 | 17,768 | 1,459 | 57 | 1,516 |

(1) Foreign currencies were translated into Canadian dollars using the closing rates of exchange at March 31, 1996 (1\$US = \$1.3591 Cdn; 1SDR = \$1.98593 Cdn). These amounts represent, in certain cases, notes payable to be issued in future years.

Note : Canada has agreed to lend the Enhanced Structural Adjustment Facility special drawing rights (SDR) 500 million of which SDR 221.8 million has been lent, and to subsidize the interest rate on the loan through a grant of approximately SDR 190 million (the maximum limit set by the Governor in Council pursuant to the *Bretton Woods and Related Agreements Act* is SDR 225 million), of which SDR 46.7 million has been paid-in. In addition, lines of credit of SDR 892.5 million have been made available to the International Monetary Fund (IMF), subject to Canada's approval. This amount represents Canada's share of a credit arrangement to supplement the IMF's resources. The IMF did not utilize this arrangement in 1995-96. Canada has the right to opt out of calls on the arrangement on balance of payments and reserve grounds. Any drawdowns would involve an exchange of SDRs or currencies from official reserves in return for a reserve claim on the IMF.

SECTION 11

1995-96

PUBLIC ACCOUNTS OF CANADA

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